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VERBATIM REPORT

MONDAY, JULY 20, 1970

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House met at 10:30 A.M.

Mr. Speaker in the Chair.

NOTICE OF MOTION:

MR. J.C. CROSBIE: Mr. Speaker, I give notice that I will on tomorrow move the following resolution: WHEREAS the United States Navy has reduced its activities at the Argentia Naval Base to that of a standby basis resulting in the loss of employment by hundreds of Newfoundlanders living in the Argentia-Placentia area and thereby eliminating the main economic activity in the said area: AND WHEREAS the Government of Newfoundland and Labrador were aware of the likelihood of such event occurring but had developed no overall plan to meet this contingency: AND WHEREAS it is the responsibility of both the national and the provincial governments to meet the crisis created in the Argentia-Placentia area by the closing-down of the main economic activity of the area by creating other economic opportunities in the area and maintaining public services while such other economic activities are established; AND WHEREAS the problems of the Argentia-Placentia area have been further complicated by the resettlement of other Canadians in the area under the terms of the National-Provincial Resettlement programme: BE IT RESOLVED that the Government of Newfoundland and Labrador act immediately to meet the crisis in the Argentia-Placentia area by:

1. Appointing one Minister or one Department of the Government to take over responsibility for initiating and co-ordinating all programmes of assistance and development of the Argentia-Placentia area:
2. Taking all steps possible to have the Argentia-Placentia area declared to be a "special area" under the terms of the Federal-Provincial DREE programme:
3. Establishing, with the assistance of the Federal funds available, a trade school in the Argentia-Placentia area:
4. Requesting the Government of the United States, through the President of the United States, to turn over to the Government of Newfoundland the facilities of the U.S. Base at Argentia so that all buildings and other assets can be used immediately to encourage economic and industrial development at Argentia using the facilities so provided, such representations to be made through the Government of Canada and directly to the President of the United States of America:
5. Taking the necessary steps to ensure that the municipalities of the Argentia-Placentia area are enabled financially to

MR. CROSBIE:

continue providing adequate municipal services in the Argentinia-Placentia area and including the provision of a new water system for the Town of Placentia;

6. Taking such fundamental steps as are necessary to ensure the continued operation and expansion of adequate school and educational facilities in the Argentinia-Placentia area for the people living in the area and resettled in the area: and 7. Taking all such steps as are possible to assist those whose employment at the U.S. Naval Base has been terminated in securing adequate termination pay and compensation for the years of service given to the naval station at Argentinia.

ANSWERS TO QUESTIONS:

HON. J.R. SMALLWOOD(PREMIER): Mr. Speaker, question no. 56 on the Order Paper of February 23rd in the name of the hon. the member for Bonavista North, question no. 229 on the Order Paper of March 10th in the name of the hon. the member for St. John's West, question no. 257 on the Order Paper of April 6th in the name of the hon. the member for St. John's West, question no. 274 on the Order Paper of April 7th in the name of the hon. the member for St. John's West, question no. 299 on the Order Paper of April 8th in the name of the hon. the member for Gander, question no. 324 on the Order Paper of April 9th in the name of the hon. the member for Burin, question no. 481 on the Order Paper of April 23rd in the name of the hon. the member for St. John's West, question no. 521 on the Order Paper of May 26th in the name of the hon. the member for St. John's West.

HON. G.A. FRECKER(MINISTER OF PROVINCIAL AFFAIRS): Mr. Speaker, I should like to table the answer to question appearing on the Order Paper of April 9th, 1970 and ask by the hon. Leader of the Opposition. The information, Mr. Speaker, had to be obtained from the Dominion Bureau of Statistics so rather than refer it back since we are in such a short time zone, sort of, I thought I would obtain the information and here it is. The number of the question is 320 appearing on the Order Paper of April 9th.

HON. J.R. CHALKER(MINISTER OF PUBLIC WORKS): Mr. Speaker, I wish to table the answers to questions, I may say they are all similar, 551, 552, 554, 555 and 556 on the Order Paper of June 12th and ask by the hon. member for Gander and also

MR. CHALKER:

the answer to question 547 on the Order Paper of June 4th ask by the hon. member for St. John's Centre.

HON. E.M. ROBERTS (MINISTER OF HEALTH): Mr. Speaker, just before the House rose for adjournment the hon. member for Gander ask me a question about certain space which he understood we rented in the town of Gander. I told him that we rented no space other than that in our hospital, the James Paton Hospital. We then, on a supplementary question, ask me if we would check further because it was his understanding that there was an office in the shopping centre that had on it the sign "Department of Health." I told him I would check into it. My officials have now told me that we rent no space at all. I believe they have been in touch directly with the hon. gentleman. I gather he has told them that he had not seen the sign himself but that somebody told him about it and so he wanted to check into it. We rent no space in Gander, the Department of Health, the only space we have is that in the James Paton Hospital.

ORDERS OF THE DAY:

MR. CROSBIE: On Orders of the Day, Mr. Speaker, I would like to ask the Minister of Highways whether there is any reconstruction proceedings on the road to Fox Harbour and if so were tenders called and when were tenders closed?

MR. SPEAKER: This question could be more appropriately put on the Order Paper.

MR. COLLINS: Mr. Speaker, before we get into Orders of the Day I have a question for the Minister of Highways, having to do with the very serious problem at Brown's Arm, which he is familiar with, I am sure. I have a copy here, Mr. Speaker, of a manifesto, which contains a couple of familiar looking faces, showing that the road to Brown's Arm was to be paved. Can the Minister say if he is reneging on that promise or if the road is to be paved?

MR. HICKMAN: On Orders of the Day, Mr. Speaker, again to the hon. the Minister of Highways: Has he been made aware of the dreadful condition of the highway that presently exists between Swift Current and Molliers and will he take any remedial steps to instruct the contractors or his officials to improve what is almost now an impossible condition?

MR. COLLINS: He should give the hon. gentleman an opportunity to report.

MR. MURPHY: (Inaudible).

MR. HICKMAN: That is up to the Minister of Highways to decide, Mr. Speaker, surely.

MR. COLLINS: Or the Speaker.

MR. HICKMAN: Or the Speaker.

MR. CROSBIE: On Orders of the Day, Mr. Speaker, I would like to ask the Minister of Municipal Affairs whether he can tell the House, has the new subsidized rental housing scale proposed by the Government of Canada yet been accepted by the Government of Newfoundland and, if so, when will the new subsidized rental housing scale commence?

MR. SPEAKER: This is the type of question which could more conveniently be placed on the Order Paper.

MR. HICKMAN: Mr. Speaker, on Orders of the Day, I would ask the hon. the Minister of Municipal Affairs if he would indicate to this House from what source funds had been found to complete the water and sewage installation at Elizabeth Street, Corner Brook?

MR. CROSBIE: Mr. Speaker, on Orders of the Day, I would like to ask the Minister of Finance whether he would tell the House whether or not any Lieutenant-Governor's warrants have been issued since the House closed, four weeks ago, and before the House reopened and, if so, the date, the amount and the purpose of the expenditures for those Lieutenant-Governor's warrants?

MR. SPEAKER: These are the type of question which require a notice and which would be more conveniently placed on the Order Paper.

MR. HICKMAN: Mr. Speaker, on Orders of the Day one question that does not require notice; would the hon. the Minister of Public Works indicate if work has commenced on the three Expo buildings in Newfoundland?

MR. CHALKER: Mr. Speaker, no but we are working on that project at the present time.

MR. CROSBIE: Mr. Speaker, this question does not require a notice -

MR. SPEAKER: The hon. member for Gander.

MR. COLLINS: Mr. Speaker, I am sure the Premier will want to react to this. Can he advise the House if there has been anything new to report with regard to the resolution passed in the House of Assembly on the 24th of April 1968 relative

MR. COLLINS:

to a recognition of the rights of the Pentecostal Church in Newfoundland?

MR. CROSBIE: I gather, Mr. Speaker, there is no answer. I would like to ask the former acting House Leader whether he has checked to discover what the position is on Hansard as we have not received any copies of Hansard since sometime in May?

MR. ROBERTS: Mr. Speaker, I have been trying to check but the Editor of Debates I am told has found that his duties take him elsewhere this morning so I have no information as yet. I am trying to get it and as soon as I have the information I will give it to the House.

ADJOURN DEBATE ON BILL 94 (SECOND READING):

MR. CROSBIE: Mr. Speaker, in rising to speak on the second reading of this Bill I would like to make it clear that I do not think a more important issue has come before the House of Assembly since 1949 than this present issue. I therefore appreciate it if I could be allowed to speak without too many interruptions, Mr. Speaker, because this is a very serious matter that affects the future of Newfoundland to the extreme.

Mr. Speaker, Newfoundland is not the only underdeveloped Province of Canada, it is not the only underdeveloped area in the world. There are undeveloped areas all over the world - Africa, South America, Asia. All over the globe there are undeveloped areas. We are not the only Province or the only land where jobs are desperately needed, where industrial development is needed, where economic development is needed. We are not alone, but I know of no other state, Province, country or nation that ever gave the concessions to private promoters that the Government of this Province proposes to give to the Shaheen group in the Legislation now being amended before this House. Newfoundland has always been called a place which was a sport of historic misfortune. Does that mean, Mr. Speaker, that we must lie down and allow ourselves to be trampled on, allow ourselves to be bullied, allow ourselves to enter into the most one-sided kinds of arrangements, in our attempt to have economic and industrial development in this Province? I say no. That is why I am against this legislation. That is why I resigned from the Cabinet in May 1968. That is the position I have taken since then and before then, when I was in the Government.

MR. CROSBIE:

We are not such a sport of historic misfortune that we have to accept this kind of an arrangement, where the people of Newfoundland put up the money, put up the credit and allow a private entrepreneur to take from the project practically all of the profits. We were unprotected, where the deal is so one-sided and where the promoters concerned, themselves do not have to invest, Mr. Speaker, one red cent in the project. It has gone to such an extreme that in the amendments now before this House the Shaheen Natural Resources Incorporative Company are so grasping, so one-sided in their outlook, so money mad that, in the amendments now before this House, we are asked to have this project, which we are financing one hundred per-cent, pay them back for surveys and moneys that they expended at Come By Chance in connection with the proposed construction of a wharf at Come By Chance by the Federal Government.

When you look through the original agreement and when you look through these amendments, Mr. Speaker, time after time you see that the Shaheen group is to have paid to them all their expenses and, in connection with supervising the construction of the refinery, all salary expenses of theirs plus one hundred per-cent, plus all other out-of-pocket expenses and in addition they get millions upon millions in fees. Never was there such a one-sided arrangement. Never did a Province give away so much to get so little as this Province is giving away in the agreement now before the House. \$165. million dollars of our credit, Mr. Speaker, going out to provide at best 300 to 400 permanent jobs at Come By Chance, when up the road fifty miles, in Placentia-Argentia area, 700 jobs have been lost this year so far and it will go to 900 or 1,000 with the closure of the Argentia Naval Base. Yet nothing approaching \$165. million or \$100. million or \$50. million or \$25. million or \$10. million or \$2. million or \$1. million has been spent by the Government to alleviate the unemployment and distress in the Argentia-Placentia area.

The Government is so fascinated, so carried away by this Come By Chance Oil Refinery project that nothing else matters. It is a tragedy, Mr. Speaker, that the Government keeps blindly to this oil refinery project, year after year, grovelling before Mr. Shaheen, giving him everything he asks for. Now it is suggested to us that these amendments before the House are a great step forward.

MR. CROSBIE:

These are not a great step forward, Mr. Speaker, not at all. What is the propaganda that the Premier has put out about these amendments? Let us look at it briefly. The Premier says that these amendments will mean an additional cash payment of \$76. million into the Provincial Treasury during the first thirty years of the project and another \$88. million will flow into the treasury under the Come By Chance Act; ^{is} that ^{is} what the Premier says. None of that ^{is} correct. None of that is exact. It just is not so. The \$88. million dollars is some wild figuring on cost benefit analysis, Mr. Speaker, that will come back to the Treasury of the Province from corporation income tax and the people employed there will pay tax and they will pay SSA tax and they will pay liquor tax, when they buy a bottle of beer, and so on and so forth, and all this is added up to \$88. million dollars over thirty years and it is said that because of the Come By Chance agreement there is \$88. million dollars coming to the Province over the next thirty years. Absolutely nonsensical. That is not coming from that Come By Chance agreement, if it ever does come.

\$76. million is said to be coming from this agreement now, Not so! Just look at one of the inexactitudes, to put it politely. It was said by the Premier that under this new arrangement Mr. Shaheen and his group were going to pay \$10. million. To acquire the shares at the end of the fifteen years, the shares of our Crown Corporation, they are going to pay \$10. million dollars. Not so, not a word of truth in it. They are going to exercise an option to get these shares for \$2,000, when the Government's loan is paid off, when the Government has no further liability, \$2,000. the agreement now says that they will pay five per-cent of the net profit of the refinery project, from then on, five per-cent until they pay the sum of \$10. million dollars to the Provincial Government. Mr. Shaheen is not spending one cent of his money. If we ever get that \$10. million, if there ever is any net profit when Mr. Shaheen takes over and exercises his option, if there ever is, if we ever get it the \$10. million dollars is not Mr. Shaheen's money, it is money from the oil refinery established at Come By Chance by our credit, it is money of the people of Newfoundland being used, pretended to be used to pay for these shares. The \$10. million, not one red cent of that \$10. million dollars is coming from Mr. Shaheen or Shaheen

MR. CROSBIE:

Natural Resources or Newfoundland Refining, not one red cent. So with our own money we are going to get our own money. The \$10. million is ours and not Mr. Shaheen's. That is one more of the little inexactitudes.

It is said the Province will save \$1. million dollars annually in subsidy for electric power. This agreement is not changed at all. Under this agreement the Province must pay the difference between two and one-half mills per kilowatt hour, for power supplied to the refinery, and the actual cost which is going to be at least six mills. It must pay the difference under the agreement. That is not changed in these amendments. We are told that some company called Can-Carib, some subsidiary of Mr. Shaheen, is going to sell oil to the power commission and somehow repay us the \$1. million or more that we are spending on the electricity subsidy. Well that is only a way of giving business to Mr. Shaheen. That is not Mr. Shaheen taking the burden of that \$1. million a year or whatever it is off our backs, the backs of the tax payers of Newfoundland, not for a minute. It is a device to give Mr. Shaheen a captive market for selling oil for the Newfoundland and Labrador Power Commission's steam plant located at Holyrood. That is all it is. What kind of tripe is it? It is not even in the agreement. There is no Act before this House that provides for it.

We are told that Mr. Shaheen is going pay, that Shaheen Company will pay the difference in the cost, not at all. "It will mean \$1. million (I am quoting the Daily News of July 10th) saved to the Treasury," Not at all. Nothing of the sort. It will mean the captive market for the steam plant at Holyrood for oil sold to it by Mr. Shaheen and nothing else. That is what that means.

We have not seen the letters yet. The hon. the Minister of Health is supposed to get us a letter but we have not seen them yet.

MR. SMALLWOOD: If the hon. gentleman will allow me to table it, I intended to do it at the opening of the House.

MR. CROSBIE: Agreed. So when you look at these amendments, now there is one improvement, Mr. Speaker, they are to pay five per-cent. After the first mortgage is paid off in eight years, hopefully, the project is to pay the Newfoundland Government five per-cent of the adjusted gross profits of the operation per year—of the gross profits. The trouble with that, Mr. Speaker,

MR. CROSBIE:

is this that what the gross profits are will be determined by Mr. Shaheen. There is a formula given in the Act but anyone who knows business or commerce or anyone who knows auditing or accounting knows how complex it is and that five per-cent of the gross profits will be whatever Mr. Shaheen decides it will be. If he wants to make the money outside Come By Chance, he can just lower his sale price for the production of the plant or up the price of crude oil he supplies to the plant or take a certain rate of depletion or take a certain rate of depreciation, a hundred ways it can be done. The five per-cent of the gross profits can mean little or nothing, That is the only concession really in these amendments except concessions by Mr. Shaheen. Mr. Shaheen no longer has to carry out his obligation to sell \$30. million dollars worth of bonds for the Newfoundland Government, not publicly but as a private placement. Mr. Shaheen was supposed to have private purchasers, private investors, ready to take that \$30. million dollars worth of bonds, so it would not affect the financial markets at all, so it would not affect Newfoundland's credit rating at all. That is what he was supposed to do, that is what he agreed to do but he did not do it. He had two years to do it till May 23rd, 1970. He had to do it, Mr. Speaker, plenty of time but he did not do it. He failed in his obligations under the agreement and on May 23rd, 1970 this Government was legally and morally justified in saying to Mr. Shaheen; "You have not met the conditions precedent. We will now impose new terms and conditions on you, if you are going to go ahead with this." But did the Government do it? Not at all. Would the Government have even attempted to get this five per-cent if Ottawa had not insisted? No, they would never.

On May 23rd, 1970 the Government had the opportunity to revise, in our favour, this whole agreement or to get new people to carry out the Come By Chance project, people who could perform, people who could pay the wages of their employees. What faith are we to have in a company that is going to use assets of ours, in an amount of \$165. million, that cannot pay its employees their wages?

MR. CROSBIE: Captain Wallis and four or five more who were down at Come-by-Chance for months - could not get their wages and salaries from Mr. Shaheen. Because - why? The \$5 million interim financing that this Government gave Mr. Shaheen was used up. And he apparently has not resources enough of his own to pay ordinary wages to his marine superintendent and others at Come-by-Chance. The future of this whole oil refinery, this whole project is going to be put in the hands of a man who did not have enough asset to pay his employees down at Come-by-Chance. What kind of madness is it?

Mr. Speaker, there is no question to my mind but that this - the Government should not proceed with this project without a general election first, to see if the people of Newfoundland will approve. The people of Newfoundland, who watched for two days last March the proceedings of this House on T.V. and radio, and listened - got their eyes opened, They saw how you could not get any information from the Government or Mr. Shaheen and his cohorts, We still have not got it. In the Premier's opening speech what information did we get? What new information? Nothing. Zero. We got the press conference stuff, the misleading figures, the propaganda but no facts. We are not told what the gross profits of the refinery are estimated to be. We are not told what the annual gross sales will be. We are not told what the estimated net profit will be. We are not told anything of any value in the discussion. We are still as much in the dark now as we were in March, no further information. The Government will not give any. The Government is too arrogant to give information. Who are we to ask for information? We only represent certain districts in Newfoundland, and a lot of other people in Newfoundland, who no longer have faith or confidence in the present administration. They have their eyes opened, This refinery was never approved at a general election. It came up in 1967 first, after the election, a year later. And after all that has happened since 1967, never was there a project in the history of politics of any province or country, where an issue arose that was more fitting to be settled by a general election. If there is no general election

MR. CROSBIE: before this deal goes through, if there is no general election, I suggest, Mr. Speaker, that no succeeding government should feel itself bound by this agreement. It is not approved by the people of Newfoundland. The Government is afraid to go to the people of Newfoundland to ask them to approve it. If the people of Newfoundland do not approve it in a general election, after what has happened in the last three years, it should not be considered binding on any government that succeeds this one.

This whole project was suggested first in 1967, the winter of 1967. There was a Bill passed then, Mr. Speaker, the Avalon Core-Chemical Building Act, No. 82 of 1966-67. The Government was to put up \$30 million to get a first mortgage and lease a refinery of 30,000 barrels a day to Newfoundland Refining, Mr. Shaheen's company. That was what the project was then, when that Bill passed through the House. And when that Bill passed through the House there were certain conditions which Mr. Shaheen had agreed to, which were tabled in the House. Why were their conditions, Mr. Speaker? Because I had suggested to the Premier that there should be a Cabinet committee negotiate the details with Mr. Shaheen and the Cabinet committee and the member for Burin, Humber East, myself and the present Minister of Justice met with Mr. Shaheen and his legal adviser, Mr. Don Dawe, to go over these suggestive conditions to tie him down a bit.

MR. SPEAKER: Before the hon. member continues I wish to point out once more that we do not want to engender a debate on a subject which has already received the judgment of the House. I know it is difficult to speak on this amendment without referring to the main Bill and other legislation that has come before the House before. But to open a general discussion on a matter that has already received the judgment of the House, I do not think it is to the best advantage of this sitting, at this particular time.

I would ask the hon. member to try, as far now as possible, not to go into a general debate on a matter that has already been decided upon in this House in another sitting.

MR. CROSBIE: Mr. Speaker I just want to compare what was agreed then to these amendments or some of the points agreed then to these amendment - to show how little improvement there has been, even over what was originally agreed, Mr. Speaker. At that time Newfoundland Refining agreed to invest \$10 million in this project, as equity. In other words, if the project did not succeed they lost their \$10 million. That got changed afterwards to a loan of \$10 million, subordinated debentures, and that is not changed in the amendments now before this House.

It was agreed in 1967 that if there were no ADA grant, Area Development Grant, of \$5 million to the building cost of this refinery, Mr. Shaheen would supply the \$5 million. Now, Mr. Speaker, there is no ADA grant for this refinery. Yet, Mr. Shaheen, is not supplying the \$5 million - putting in \$5 million himself, no. The extra \$5 million is included in the \$125 million that is being arranged to be financed in England. The Crown Corporation is just borrowing \$5 million more. So that condition is gone by the boards and it is not included in these changes here, the ADA grant.

Mr. Shaheen was going to arrange for the purchase of the \$30 million bonds. The purchasers were going to be private purchasers for the fifteen year bond issue. Now, Mr. Speaker, what is one of the changes before the House now? Our \$30 million is no longer to be fifteen year bonds. The term of the loan is to be what the Lieutenant-Governor in Council decides, not fifteen years. And I suggest here and now that what is going to be is a bank loan of two or three years. So that our Newfoundland Government in two or three years time has got to go out and arrange a \$30 million loan to repay the bank. That is one change in this agreement here, that is not to the benefit of Newfoundland. It is not this Government, not this year, that \$30 million is going to be borrowed, long term money, so it is settled and done with - no. This year it is going to be a bank loan for two or three years. And the succeeding government after the next election, whether it be this one or some other one, is going to have to cripple itself, is

MR. CROSBIE: going to have to interfere with the bond market, by going out and borrowing an additional \$30 million to repay this bank loan. That is what is going to happen. This Government worried about what is going to happen to another government in two or three years time, not on your life, not a bit worried. The Government probably knows it will not be the Government in two or three years time.

Another condition, it was tabled in this House, was the feasibility study. We were going to be let see that. A further condition was that the shares of Newfoundland Refining Company Limited, Mr. Shaheen's company, a subsidiary of Mr. Shaheen that is the operator under this agreement - we are entering into an agreement with Newfoundland Refining Company Limited, a Newfoundland Incorporated Company that has no asset - none. The last time I looked it had \$20. worth of issued capital - \$20. worth. No assets - that is who we are entering into the agreement with, The subsidiary of Mr. Shaheen's company. The shares of that Newfoundland Refinery Company, Limited were to be hypothecated to the Government of Newfoundland in 1967, under the agreement that we worked out. So that if there were any default we could take over that company. That is gone by the boards. That is not in the amendments now.

It was also agreed then that Mr. Shaheen, Shaheen Natural Resources Incorporated, would guarantee two years payment of rental. Now, Mr. Shaheen said; "my company cannot guarantee the whole \$30 million or \$40 million. It will interfere with our credit too much. It will interfere with our other operations too much. We cannot take on such a large contingent liability." I said; "all right fair enough. That sounds sensible and reasonable. But," I said; "what about guaranteeing several years payment of rental - that is principal and interest? So that if anything happens to the project, if you default or you are not running it properly and anything happens, you will have to pay the Government of Newfoundland two years payment - the principal and interest. That will give the Government of Newfoundland two years to go out and find somebody else to take over the project, that knows what they are doing. Give us some protection. And it will

MR. CROSBIE: mean that you will at least lose something. If through your fault this project is not profitable or it is not run right, you will have something to lose - two years payment of principal and interest. Because at that time it would be around \$4 million." That was agreed to by Mr. Shaheen and tabled in this House, Mr. Speaker. Yet that is not in these amendments, there is nothing like that. Mr. Shaheen will not lose one red cent, not one red cent, if this project fails. In fact, if the project operates for one or two years he will be in several millions of dollars. The first year it operates he will get 5.1 percent of the gross sales of that refinery. It does not matter if the refinery is making money, it has got nothing to do with it. It has gross sales - say of \$150 million for the first year, Mr. Shaheen will get five percent of that \$150 million, whether the company is making a cent or not - seven and a-half million dollars.

Then, if it operates again the second year, he will get the \$7.5 million again. That is \$15 million he will have back just under the one fee, the sales agency fee of 5.1 percent. That is not counting the out-of-pocket expenses, the hundred percent of the salaries, the 27.8 percent of the net. It is not including any of that. In two years, Mr. Shaheen will have out of it at least \$15 million. And you can forget all the rest he is going to make, the other kinds of possibilities for making money, for buying the crude and the selling the product and chartering the vessels and all the other ways there are for making money.

So, Mr. Shaheen, has got nothing at stake in this, except if it does not succeed he will not make the hundreds of millions of dollars that he is now going to make, if it is a success. What kind of a deal is that for any government to enter into?

The conditions files in this House in 1967 are gone by the board, completely by the board. In the fall of 1967, Mr. Shaheen sent a draft agreement to the Government, which violated practically everyone of those terms. At that time, Mr. Speaker, I wrote the Minister of Justice and outlined my position on these agreements. The letter was November 17th.

MR. CROSBIE: 1967, pointing out how these conditions were violated and the other things that were wrong with these agreements.

And as a result there was a confrontation up in Toronto in November 1967, at the Royal York Hotel - between Mr. Shaheen, his legal advisers. A member of this House was there, Mr. Shaheen's legal adviser, the Junior Member for Harbour Main; the Premier, the Minister of Justice, myself, the then Minister of Justice, the member for Burin; Mr. Dennis Groom and others.

MR. A. MURPHY: Mr. Speaker, may I ask just one short question, I do not want to get complicated here, Did the hon. member say, Mr. Shaheen's legal adviser and the Junior Member for Harbour Main? Or the legal adviser who is the junior member for Harbour Main?

MR. CROSBIE: Right. Who is?

MR. MURPHY: I would just like to set this thing in its proper perspective.

MR. CROSBIE: Who is the junior member for Harbour Main.

And that was to review the letter I had sent to the member for Burin, the Minister of Justice then, and to deal with these matters. So I will not go into all of that, Mr. Speaker.

But when I heard, Mr. Speaker, on the public airways, a deliberate attempt to deceive, a deliberate deception, the Premier stating that he had nothing to do with negotiating the original agreement, that was Wells and Crosbie, or words to that effect, it almost turns your stomach and makes you want to throw. Not an iota of truth in it. For months we struggled to get this deal improved, to try to salvage something. And time after time, Mr. Shaheen, in behind our backs to Mr. Smallwood, the Premier, getting us reversed, Everytime we wanted to make a stand on this point or that point or something, to protect the Province of Newfoundland, in behind your backs there is the Premier, and you find yourself reversed. We were nothing but legal draftsmen. The mistake we made was going on with it so long. That is the mistake we made. We were against the worst features of this thing

MR. CROSBIE: from the start. And what protection there is in it is due to the member for Burin, the member for Humber East and myself, against all odds. Because the hon. the Premier is incapable of bargaining in any kind of hard and sensible way with anyone who suggests that they have a scheme for industrial or economic development in Newfoundland. Just too anxious! Just too anxious to have anything! And they know how to take advantage of it. The Shaheens know how to take advantage of the Premier there. If it is not a fault that is to the Premier's discredit - anxious to develop Newfoundland. But these people know how to play on that and how to use it, to squeeze from Newfoundland every dollar and cent that they can. Of all the people that I have come across in the Government, trying to get the Government to go into deals with them, this was the worst, the most merciless, the most mercenary of them all. And this agreement as it comes before us now is not improved enough to ever made me support it. Never. It is the worst industrial assistance agreement ever to come before a Newfoundland House of Assembly, Mr. Speaker, the most one-sided, the most grasping on the part of the promoter, the one where we take the greatest risks where there is less for us than any other that has come before us. Melville by comparison is monumental in its benefits to Newfoundland, compared to this. Rapaciousness, repacity - you could hardly credit it. This Province is being squeezed by these people for their own private profit, not even a reasonable profit. Squeezed! We will be so dry that there will be nothing left but a hut, when they are finished with it, if this Government stays in power.

Mr. Speaker, made no doubt about it, do not deceive yourself, Mr. Speaker, for one minute, the \$165 million is money and credit of the people of Newfoundland. Do not accept this nonsensical argument that the Premier puts forward about Crown Corporations. We know the technical legal position. A Crown Corporation is not the Government, you cannot sue the Government if the Crown Corporation defaults, not legally. Not legally you cannot. We know that. That is the legal position. But Crown Corporations are owned

MR. CROSBIE: by the Government, Government Corporations owned by the Queen, The Queen in right of Newfoundland. They are going to borrow \$165 million. Not \$155 million. It is \$125 million being raised in England now, \$30 million from the Newfoundland Government and another \$10 million the Jacob report shows is spent down there, It is at least \$165 million.

And remember this, Mr. Speaker, when you are considering whether this should be supported, that originally, originally it was going to be a 30,000 a barrel a day refinery, of \$30 million. Then, if one looks through the papers and announcements of the last few years, what do you see? "Financial Post", November 18th. 1967, "Mr. Shaheen says the 100,000 barrel a day refinery will cost \$97 million" - November 18th. 1967, \$97 million.

In the Shaheen's feasibility report, in the winter of 1968, it is shown to be \$103 million, the cost of the 100,000 barrel a day refinery, \$103 million. Then, in March 1970, the "Financial Post", one of Mr. Shaheen's officials gives the cost at \$130 million. March 1970, ^{it} is said to be \$130 million. "Newfoundland Government Bulletin" and we know that everything in the "Newfoundland Government Bulletin" is a hundred percent true, it is a fact, If it is in that Bulletin it is a fact. April 1970, the "Newfoundland Government Bulletin" states that the cost of the 100,000 barrel a day refinery is \$103 million. The "Bulletin" came out two days before Mr. Shaheen and his group came into this House in March, 1970, the end of March or early April, and when the question was asked Mr. Homer White ^{the} did not want to answer it. What? Say what, refinery was going to cost. No, he could not do that. Why, that was a deep-dyed secret. The hon. the Premier told him to give the answer and he did. Imagine, he was not going to tell the members of this House and the public what the refinery was going to cost. How low we sunk - for some promoter to come in here and say that to us. With our

MR. CROSBIE: Money they are going to build a refinery and they will not tell us what it is costing. Well, the answer was given, \$155 million - gone up \$25 million in two days. Yet we are asked to entrust the Shaheen group with the management and operation of this whole project Mr. Speaker, a project that they say will cost \$97 million, then they say \$103 million, then they say \$130 million and now they say \$155 million. And I would not be surprised if it approached \$195 or \$200 million before it was through. How can we put our trust in that? On their own word it has escalated \$58 million, since 1967. Yet we are to use our credit for \$155 million, and let them go ahead. We are even told that if this thing is not through by Thursday (the hon. the Premier) if it is not through by Thursday it may not go through and we here will be responsible for the loss of 2000 jobs to Newfoundlanders. Man, oh man what you got to listen to, when you are in public life in this Province! Here is ^a \$165 million project and the Government tries to say to us, "Gentleman, whip this through the House and whip it through pretty fast, or we will blame you for the loss of 2000 jobs." I say blame me for what you like. This should only go through this House when the issues are properly ventilated. And it can go through and be finished this week, if the Government is determined to carry it on. But never mind the threats, never mind the bluff. Agreements have to be signed. There were lawyers had to work on agreements and they are not going to start working on them unless this House passes this Bill. What, tripe, what utter madness. They know, the Government knows, they have the majority this Bill is going through. Their lawyers are working now. The other lawyers are working now. They are not waiting for this to pass this House. Did they wait for it to pass this House before they drew it up? That is the effect of what the hon. the Premier is saying there.

In March we were told - April we were told ^{the} Procon contract was entered into, it was signed. The financing arrangements were signed, it was all

signed. Now the public is told that if we do not rush this through the House by this Thursday she is down the drain, because these agreements have to be signed. Well, where is the truth? We have to rush nothing. We are going to rush nothing. We will not be bullied or bluffed by that kind of nonsensical talk.

Now, Mr. Speaker, let us look at this credit business. I say; although legally the Crown Corporation debt is separate from that of the Province, it will be looked on in all financial circles as debt of the Province, that if there is a default in the oil refinery, if the principal and interest is not paid, the credit of this Province will be gone. Unless we pay it, we will never float another loan, never. I want to quote from a letter: "As a Crown Corporation is involved as the borrower, the effect will be to have the Government guarantee all the capital." That is the \$100 million or more - "this will be so even though the excess over \$30 million is not specifically guaranteed. The Crown Corporation is, after all, the Government in another guise. And for it to default on any part of its debt would be considered to be default by the Government itself." Who is the letter from? Mr. Denis Groom, financial adviser to the Government. Written on Nov. 27, 1967. Here is the opinion of the man who was financial adviser to the Government and a very very successful one. Addressed to the Hon. Alex Hickman and a copy to myself. Given to us in Toronto when this whole thing was being discussed. Here is Mr. Groom's opinion. Here is my opinion. Here is the opinion of any one knowledgeable in the financial world. As a Crown Corporation is involved as the borrower, The effect will be to have the Government guarantee all the capital, the \$100 million or more. This will be so. even though the excess over \$30 million is not specifically guaranteed. The Crown Corporation is, after all, the Government in another guise, and for it to default in any part of its debt would be considered to be a default by the Government itself.

Then Mr. Groom goes on: "As a result of (a) above investment analyst will add the full hundred million or more to the provincial debt for purposes of arriving at a per capita debt figure. The Province is already out of line in this regard, and a further hundred million will add another \$200 on to the per capita debt and make further borrowing more difficult. As all the money to be raised will be considered by market too big borrowings for the Newfoundland Government." That is the financial advisers opinion. As all the money to be raised will be considered by the market to be borrowings for the Newfoundland Government, the acquiring of this sum will undoubtedly have serious effects on the borrowings the Province wishes to undertake for its own purposes. It is therefore important that the Government get an early indication of the Shaheen groups proposal in this regard and, further, it be made clear to Shaheen that no sounding out/^{of the}market should be undertaken without first of all consulting the Government. That is the position of the Crown Corporations. The market will regard all of the money borrowed by the Crown Corporation and by the Government as borrowing by the Government. It will all be added to our provincial debt, when they are looking at our per capita debt figure. The Crown Corporation is a Government in another guise. There is the sensible, only sensible approach by any body knowledgeable in this field. Advice given the Government Nov. 1967.

Another thing the Government was advised, why are all these Crown Corporations involved? Well this was to be the great tax, the great tax saver, the great tax evasion device. The Crown Corporation would not be taxable. That is why all these Crown Corporations had to be used. Now that was in Nov. 1967. The House will recall that the Federal Government, through Mr. Benson, changed the law with reference to Crown Corporations, so that they would be taxable if the shares of the Crown Corporation were under option to any private individual. That was changed in 1968, Why? To stop this fantastic loophole, that would permit every Province in Canada to try

to attract industry by giving them tax free status as a Crown Corporation with an option to buy their shares. Now, we have done that in Newfoundland before, for twenty years, but smaller companies. Newfoundland Hardwoods and this one and that one and all these Government industries, all tax exempt. But, they are small potatoes. But, when you got to an oil refinery, you are going to make that tax exempt that meant the Government of Canada would be losing tens of millions of dollars of revenue a year. And if they permitted Newfoundland to do it and every other Province started to do it, the Federal Government would lose hundreds of millions of dollars in tax revenue each year.

Now, we knew that in November 1967. Mr. Groom pointed it out. From contacts I have with the Federal Government, I know that they are not happy about the Province entering into tax avoidance schemes such as this. It is within the powers of the Federal Government, at any time, to remove the tax exempt status of Crown Corporations of this type. If this does happen, the whole venture could collapse and be a considerable burden on the Province.

In assessing the degree to which this project is subsidized by the Province, the loss of the Province's share of the Corporation income tax should also be considered. That was the advice from our financial adviser. Mr. Groom knew. I knew because he told me. Others in the Government were told, by him, that it was likely that the Federal Government would have to stop this. And they did stop it. What else could they do? What did Mr. Benson do? Was the Federal Government going to allow hundreds of millions of dollars of corporation taxes to slip away a year, by allowing us to go on? They had to change it and they did change it, and we were warned that it would be changed and it was changed. So the Government cannot pretend that this, only a thirty million, is going to affect the credit of the Province of Newfoundland. It is no good pretending that. No good at all. Nobody believes it. The financial adviser to the Government did not believe it.

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MR.SMALLWOOD: Would the hon. gentleman allow me to ask him one question?

MR.CROSBIE: Sure!

MR.SMALLWOOD: A hundred and twenty five million of this amount is being guaranteed by the British Government, for its life, for its whole life, which is eight years. For eight years, Come by Chance will owe \$125 million dollars but for the same eight years that it owes the money the British Government are guaranteeing it unconditionally, principal and interest. How then can it be a burden on the Treasury of this Province or on the credit standing of this Province when the British Government are one hundred per cent behind it from the moment it is borrowed until the moment it is paid back?

MR.CROSBIE: The answer to that Mr. Speaker is very simple. That is, the English Government has to pay on its guarantee to the English banks or whoever puts up the money in England they will take the place of the English banks or the people who put up the money in England and try to collect/^{it}from the oil refinery, from the Crown Corporation whose debt it is.

MR.SMALLWOOD: Take it over -

MR.CROSBIE: Take it over or try to collect it.

MR.SMALLWOOD: And give it to their own company to run, British Petroleum, or to some other big oil company.

MR.CROSBIE: And yes, - or they can come to, ^{the}Newfoundland Government and say, "gentlemen, a Crown Corporation of yours owes us \$125 million. Owes us \$125 million, and we are expecting you the Province, the creator and the owner of this Crown Corporation, this arm of the Queen, to see that this \$125 million is paid." That is what the English Government will do, naturally.

MR.SMALLWOOD: That is not what -

MR.CROSBIE: It is not going to take a loss. It is going to see that this

Province pays it if it has to. If it can operate the refinery profitably, than it would take it over and operate it or get somebody to do it. The \$125 million is going to be added when the next bond issue goes out of this Province. If our financial advisers are doing their duty, they will show in the prospectus this \$125 million debt of a Crown Corporation down at Come by Chance -

MR.SMALLWOOD: Guaranteed by the British Government.

MR.CROSBIE: They have to show it in the prospectus as a possible liability of the Newfoundland Government.

MR.SMALLWOOD: They will point out that it is guaranteed by the Government of the United Kingdom.

MR.CROSBIE: Sure, they will point that out, naturally. They will point it out.

MR.SMALLWOOD: Should make a little difference.

MR.CROSBIE: Well, we hope it will make some difference. But this indebtedness is the same and considered to be the same as indebtedness of this Government. And there is no way of getting around it, it is going to be added to our per capita debt and any analysis of our financial position...

AN.HON.MEMBER: A guarantee according to - (inaudible)

MR.CROSBIE: Yes, and he considers it guarantee, it is a Crown Corporation. So, that was in November 1967, we were given that advice. The advice was accurate because Mr. Benson did amend the tax exempt status/Crown Corporation. It was accurate in that respect, it was accurate in the attitude that Mr. Groom took to the Crown Corporation aspect of it, both respects. Now from November to January 1968 the Cabinet Committee was engaged in legal drafting, Mr. Shaheen and his group, which resulted in the agreement attached to the original Bill. It was not enough, all the concessions that have been given in that agreement. Then the Shaheen group came to the Government, after having this wonderful arrangement, and said to the Government, we now need you to advance us money

that we can spend at Come by Chance until all the bond issues are arranged. We need the interim financing. Imagine, a group that had this agreement could not go to Banks or Trust Companies or whatever and arrange a few million dollars credit on the strength of it. But our Government was now asked to go in and provide that interim financing too. In February 1968 we said no; the Cabinet Committee did not want to do that. The Premier agreed. It is no good going into past history too much. In May it was reversed, the Government decided to give the interim financing and we resigned. We could take it no longer. I do not know how we took it that long.

After that agreement, that sweetheart deal, Shaheen could not arrange a few million dollars interim financing themselves on the strength of it and had to come to this Government to get ^{it} and the Government unwisely gave it, and it is spent now partly at Come by Chance and partly in the United States and partly everywhere around the world. It is gone. Is that a reason one wonders why when May 23, 1970, came and we had the opportunity to negotiate the whole deal all over again afresh, that the Government did not do that? The Government had \$5 million gone down there and cannot get it back unless this project goes ahead. Talk about being suckers. Talk about patriotism and feeling for one's native land being used to squeeze the country. Yes, we want Economic Development in Newfoundland and we want promoters. But By God when they - By Heavens Mr. Speaker, when they come here we want them to contribute something, we do not want them to use us just as a doormat. The sport of historic misfortune, that they are going to jump on and squeeze until they get every last cent out of us. Ghana does not accept it. Basutoland would not accept it. Zambia would not accept it. Tanganyika would not accept it. Zanzibar would not accept it. They are all unfortunate countries struggling to get their per capita income from a hundred to two hundred dollars. Why, compared to them, we are rich here in Newfoundland with a per capita of twelve or fourteen hundred or whatever it is.

Cannot remember exactly now. But they are not going to be taken advantage of like that. They have some pride. They are not going to enter into one-sided deals as this, under the guise of economic^{and}/industrial development. Nor should we. That is why I am going to vote against this legislation.

The sport of historic misfortune! And all perspective has been lost in the Government, just to get an industry. We will do anything to get it. We will pay out more than we are going to get in. To get an industry so that somebody can say I am a great industrial developer, I have developed this Province. But at what cost? The cost is not going to be obvious, ^{but} as the years go on. With the \$165 million, if we borrowed the \$165 million, Mr. Speaker, put it into a development fund and set out to develop this island this little, some lumbering here, some pulp and paper mill there, a mine here possibly, or whatever it might be, or secondary industry, after having these things checked out and looked at, invested in the equity position or loaned them the money, with \$165 million we would create four or five thousand jobs minimum. Give me the \$165 million and if I have not created five thousand jobs in the next two or three years, hang me. Hang me. I will tell you Sir, I can do it. Scoff at, as cautious and conservative and all the rest of it not willing to take risks, not at all. Just not willing to be a sucker for any promoter that comes in here to make his fortune off the sweat and toil and the blood and tears of the poor unfortunate Newfoundlanders. There are thousands of them now out there looking for jobs, and cannot get them. And holding out that there are going to be 1700 jobs at Come by Chance while construction is underway. So, what? What is the good of 1700 jobs while construction is underway? What does that matter, the jobs are gone in two years time? If there are ever 1700 jobs there. And we are going to get 400 jobs there may be permanently. For \$165 million.

What is it, the mountain laboured and brought forth a mouse. That mountain of money is going to labour and bring forward a mouse or less than

a mouse. Thank God, Mr. Speaker, we have another chance to vote against this. I am delighted to have the chance to go on the record. Made a mistake in May of 1968 when the Bill came up for second reading, we did not vote for or against it, because at that time we were still shell-shocked by what had gone on when we resigned from the Cabinet. We voted against the interim financing clause when it went through committee but abstain on second reading of the Bill. I should have voted against it then. But now, Thank Heavens, have the chance to redeem myself, I can vote against it now. And I am going to vote against it now. And I am willing to go to a General Election now or I am willing to go to a by-election in St. John's West now, to see if the voters in St. John's West will agree or disagree with my voting against this Bill. I am given the assurance, by the Premier, that in three weeks time he will put a candidate up against me in St. John's West, if I vote against this Bill. I will resign, tomorrow, so he can put it to the test; so much I am against this miserable excuse for an economic development policy.

AN.HON. MEMBER: (inaudible)

MR.CROSBIE: I do not know what the hon. member is saying but I know it is quite important. Very good! Very pertinent and a wise comment. I am not going to get, Mr. Speaker, involved in any altercation with any hon. member. They can have their point of view and I have mine. I am expressing mine. The hon. member for Placentia West thinks differently, that is okay let him say so. The electorate will treat him whatever way they think he deserves to be treated when the next election comes. So that is May 1968.

Now, Mr. Speaker, I have the newspaper clippings here and I will not go into them all. The newspaper clippings for the last three years. I mean when you look through them you just wonder. My Heavens can this be so? Is this really what was said three years ago? And what has been said since? Here is November 18, 1967, "Financial Post", a reputable paper, quoting Mr.

Shaheen. "Shaheen told 'Financial Post' this week the financing for \$97 million refinery is all arranged." All arranged, 1967, the financing." If that was so, we would have saved \$58 million and the thing would be there now. Refinery would be there. "Shaheen told F.P. this week the financing for the \$97 million refinery is all arranged, not a word of truth in it. We can look back three years and see that. Not true. November 18, 1967.

October 24, 1968; this was after the tax exempt status was changed, Mr. Speaker. This is Mr. Roy Femark, financial expert of Mr. Shaheen. "While the changed tax position has adverse long term implications for the project, there are a number of short term benefits." He estimated the depreciation allowance of \$100 million, a hundred million dollar refinery, would give the company a tax-free position of about seven years. The company is not going to pay any taxes now for the first seven or eight years because of accelerated depreciation, it is all going ^{to go} /off to pay the mortgage, so it is tax free for about the next seven or eight years, despite this. In addition the project would qualify for five million in Federal area development grants.

MR. SMALLWOOD: _ to the eight years or over it is only a postponement.

MR. CROSBIE: Exactly. And in addition the project would qualify for five million in Federal area development grants and twelve million dollars for harbour development. Well we never got the five million ADA Grant. October 9, 1969, work to date cost \$8 million. Now this is important to remember when I come to the Jacobs Report, because the Jacobs Report says that none of the work done down at Come by Chance so far is included in the cost of \$155 million. A hundred and fifty-five million does not include these costs. October 9, 1969, the breakdown given in the "Evening Telegram". I think it was in the "Newfoundland Gazette" also, of the work done to date. It cost \$8 million. Eight Million. So to \$155 million you must add eight-

MR. SMALLWOOD: The "Gazette" or the "Bulletin"?

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MR.CROSBIE: The "Bulletin" - So you have to add eight to the hundred and fifty-five million that it is going to cost. "Work to date, Oct. 1969, \$8 million." Well then we were given notice to repay \$5 million. Dec. 6, 1969 "Globe and Mail, Shaheen denies financing trouble." There is no trouble about financing. Mr. Blake said yesterday between eight and nine million dollars has been spent, excluding outside the development expenses, sales expenses, in Europe and so on. Some of the five million dollars went to companies in the Shaheen group, That is the interim financing. When are we going to see the audited report of the five million dollars interim financing? Auditors were sent down to New York to audit where that five million dollars was spent. As I understand, they could not find satisfactory records down there, to give us an audit report on it. Has the Government got a satisfactory audit report of where our five million dollars interim financing went down in New York, the Shaheen group, have they got that yet?

MR. CROSBIE: If so, will the Government table it here in the House? \$5 million of the money of the Newfoundland public or between four and five million was spent. Auditors were sent from New York to audit the records. They could not find complete enough records. Have they found them? Is there an audited report? What was the four or five spent on? Should we not ask that question Mr. Speaker? Will the Newfoundland public lash us and thrash us if we ask that question? If we dare to ask what happened to four or five million of our money? Are they going to be angry with us for hanging up the House? That we are delaying in the House? That we are daring to ask questions? Will they turn on us with ferocity, if we ask what has happened to our four or five million? Where is the audited report of what it was spent on?

No reply from the Government, I hope we get a reply later. Then we get into 'Ottawa is not satisfied with the oil dock expenditure.' I do not like to mention Mr. Arthur Lang's name in the House, it has such a choleric effect on the Premier.

MR. SMALLWOOD: Good, good!

MR. CROSBIE: But he has been proven to be one hundred percent accurate ever since January.

MR. SMALLWOOD: One hundred percent inaccurate.

MR. CROSBIE: When it was reported from January on, by Mr. Arthur Lang, that Ottawa wanted more information to justify the expenditure for the wharf, he has been proven to be accurate from then on. When he said that Ottawa was not satisfied that Mr. Shaheen was putting enough in the project and when it was said that Newfoundland was not getting enough out of it, time after time, Mr. Arthur Lang has been proven right. Because he and some others in the Federal Cabinet have taken that position, the Government has had to squeeze out of Mr. Shaheen this reluctant five percent. Don's five percent. Don Jamieson and the Federal Government insisted that Newfoundland must get some kind of return from this oil refinery for all the credit and money we are putting into it.

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Now, Mr. Don Jamieson, Federal Minister of Transport, is not going to come out publicly and say; "I did this." He will do it later on in his autobiography.

He cannot do it now while the Hon. the Premier is in office, it would strain relations between Ottawa and St. John's too heavily. It is already quite strained now. I would have liked to have been at Swift Current when Don said; "five percent, five percent, Premier, or you do not get your harbour or your wharf." That must have been an interesting day. I imagine the windows boomed and banged down in Swift Current the day that Don said; "five percent or nothing." And to Mr. Don Jamieson, Sir, we give our humble thanks for the modest improvement there is in the agreement now before the House.

MR. SMALLWOOD: Give it to Don, give it to anyone but Joey huh? Anyone at all but Joey.

MR. CROSBIE: I would even give it to Joey, if he earned it.

MR. SMALLWOOD: No, no, no, the hon. gentleman would not.

MR. CROSBIE: I would.

MR. SMALLWOOD: No, no, not a chance.

MR. CROSBIE: Oh Mr. Speaker, when the time comes to write my memoirs....

MR. SMALLWOOD: Anyone but Joey.

MR. CROSBIE: What compliments I am going to pay the hon. the Premier. But while he is in office and a menace to this Province I will not. As long as the hon. the Premier is in office, carrying out this kind of policy, he is a menace to this Province. That is my sincere conviction.

MR. SMALLWOOD: My autobiography will be interesting too.

MR. CROSBIE: I will bet.

MR. SMALLWOOD: I will bet it will be quite a story.

MR. CROSBIE: I only hope the hon. Premier has a long enough retirement to write it.

MR. SMALLWOOD: Yes, I will.

MR. CROSBIE: He should retire now and ensure himself the time.

MR. SMALLWOOD: Never mind, I come from a long, large family.

MR. CROSBIE: I am hoping Sir, that we will have a great tourist attraction here in Newfoundland in the person of the hon. the Premier, ensconced at Roache's Line for at least the next twenty years, but ensconced there privately not in the

office he is in now.

MR. SMALLWOOD: The hon. gentleman, I can assure him, will never live in that house, never. He will never have the right.

MR. CROSBIE: The hon. gentleman declines with pride, Sir, the invitation to live in that house, the hon. gentleman has a place at Hogan's Pond that he would live in if he ever became Premier.

MR. SMALLWOOD: All future Premiers will live in that house, and that does not include the hon. gentleman.

MR. CROSBIE: I will just have to bear with it. I will have to support the heavy burden of never being Premier. By heavens! how will I ever stand it?

MR. SMALLWOOD: It will be hard.

MR. CROSBIE: Yes it will be tragic. I will become Prime Minister.

MR. SMALLWOOD: Everybody knows how hard that will be on the hon. gentleman.

MR. CROSBIE: I will give up the Premiership and become Prime Minister.

SOME HON. MEMBERS: Hear, hear.

MR. CROSBIE: Now, oh yes, J.R.S. says, Wednesday, March 4, "all obstacles overcome. Oil refinery at Come by Chance. Smallwood attacks and Crosbie quacks." "All obstacles overcome." Well here we are, July 1970, the old obstacles are still there. We are taking the hurdles again. The Newfoundland people are told that if we do not wangle this through this week the deal is off. So, all obstacles were not overcome.

MR. SMALLWOOD: I did not say the deal was off, I said it might cost us anything from two and one-half to five million dollars extra, from higher interest.

MR. CROSBIE: Mr. Speaker, when one looks over the press clippings, it is just fantastic but, of course, everybody does not have press clippings to look over. Oh a Billy! a Willy! a Joey it is, not a Willy. Saturday, March 28, "refinery will cost \$20 million less," says Joe, "a better deal from the British." Now, how something can cost \$20 million less and go from \$97 million to \$155 million, I do not know, Mr. Speaker. It is the Premier's arithmetic, not mine. I always thought that \$58 million more than something meant that it was \$58 million more, not \$20 million less. But Obviously I am not Minister of Economic Development in this Province.

MR. SMALLWOOD: That is unworthy, even of the hon. gentleman.

MR. CROSBIE: The oil refinery expected ready within - yes, March, 27, 1970, "Globe and Mail". "The company that has the contract to build, that has the contract to build the 100,000 barrel a day proposed refinery at Come by Chance, expects \$130 million." The company that had the contract to build it expect \$130 million. The contract was for \$130 million, now how has it gotten to \$155 million? "March 27, 1970, expected to be completed in time to qualify for special tax exemptions granted under the Federal Income Tax Act last August." M.P. Venema, Chairman of the Board and Chief Executive Officer of Universal Oil Products Company of Desplains, Illinois said, "Procon (Great Britain Limited) will design and act as general contractors." They had the contract then, according to their story to the "Globe and Mail", \$130 million refinery. A few days later they were in this House and told us \$155 million.

AN HON. MEMBER: Is that March 1970?

MR. CROSBIE: March 27 Sir, 1970. A week before.....

AN HON. MEMBER: This year.

MR. CROSBIE: Yes, this year, not last year, not next year, not five years ago, this year. A few days later in this House a \$155 million contract and now we are told no contract unless we walk this through this week. "A sixty million dollar refinery in Nova Scotia, no tomorrow if mistake made," says Hickman. Quite right. "Oil refinery profits will repay wharf loan." That was a story that five percent of the profits would be paid to Ottawa until the \$16 million dock was paid off.

MR. SMALLWOOD: And the hon. gentleman knows how much truth there was in that.

MR. CROSBIE: Arthur Lang, Sir, has been called a "stupid jackass" by the Premier of this Province. A Federal, senior, Cabinet Minister.....

MR. SMALLWOOD: Not only by me, oh! oh! I disclaim that. I share that.....

MR. CROSBIE: Publicly the Premier of this Province called a Cabinet Minister a "stupid jackass."

MR. SMALLWOOD: Yes, I share that

MR. CROSBIE: There was never anything so discrediting or damaging done to a Province before.

MR. SMALLWOOD: That honour I share with an awful lot of others.

MR. CROSBIE: That may be.

MR. SMALLWOOD: I am not the only one.

MR. CROSBIE: That may be, that may be, but Mr. Arthur Lang, as a Cabinet Minister in Ottawa, does deserve more respect from the Premier or anyone else in public life, than to call him a stupid jackass publicly. A man this Province has to deal with for public works if for nothing else...

MR. SMALLWOOD: He builds what he is told by his Government to build, he does not decide what to build.

MR. CROSBIE: The hon. the Premier is saying that the Government in Ottawa is like his Government, everyone must do what they are told up in Ottawa.

MR. SMALLWOOD: The Cabinet orders, the Minister of Public Works builds, yes, Mr. Lang does not decide.

MR. CROSBIE: He is a member of the Cabinet that helps decide what the Cabinet and Government is going to do.

MR. SMALLWOOD: Yes, indeed.

MR. CROSBIE: The Premier said that about him, it is coming back to roost every day.

MR. SMALLWOOD: Oh no it is not.

MR. CROSBIE: The Newfoundland Government Bulletin, April 1970, Page 3. I refer the public of Newfoundland because, they have it in their houses. They do not throw it away it is so valuable. Look at your bulletin, April 1970, page 3. The Premier said that it was one of the happiest days of his life. It was March 25, 1970, the place was London, England, it was the day and the place for the signing of a \$130 million agreement for the oil refinery at Come by Chance. March 25th. was that happy day, \$130 million agreement, that nine or ten days later in this House became \$155 million. \$130 million, it went up to \$155 million, where is it going to go from here?

Who is supposed to believe all of this mallarkey Mr. Speaker? Does this encourage one to believe in this project? Look at your Bulletins, people of Newfoundland, of April 1970. Get them in from the outhouse, April 1970, Page 3 and see what this Government.....

MR. SMALLWOOD: That sounds like a St. John's East snob. That sounds just like a St. John's East snob.

MR. CROSBIE: Listen to that, ha, ha, ha.

MR. SMALLWOOD: That is what it sounds like.

MR. CROSBIE: I have not heard hate mentioned this morning Mr. Speaker

MR. SMALLWOOD: Cocktail circuits.

MR. CROSBIE: No mention of hate at all this morning.

MR. SMALLWOOD: No, not hate, just little old snobbery.

MR. CROSBIE: Let us get a little old hate going.

MR. SMALLWOOD: Just a little old snobbery from the cocktail circuit.

MR. CROSBIE: Listen to the international voyageur. That intimate of Krupp, that intimate of industrialists all over the world, and he has to talk about snobbery. We all know, Sir, that in this Province there are still many places where there are outhouses.

MR. SMALLWOOD: Explain now.

MR. CROSBIE: Despite the hon. Minister of Municipal Affairs great water and sewage projects, and that is where the Newfoundland Bulletin goes. Where it should go, in fact, I am going to put one up myself to put it out there.

MR. SMALLWOOD: That would be a pretty sight at Hogan's Pond.

MR. CROSBIE: The hon. Don Jamieson, "the problem with Joe is that he can rationalize a situation so well that he ends up believing in it." How accurate that is, how accurate that is, That is what the Premier has done with this Come by Chance refinery. He has rationalized it so well he ends up believing it. "I have had my reservations about many of his schemes," say Mr. Jamieson, "especially the refinery if it does not also generate a petro-chemical complex. But when you are in Newfoundland you have to accept the unconventional."

MR. SMALLWOOD: Will the hon. gentleman read that.....

MR. CROSBIE: Do we have to accept such unconventionalities as contracts that go from \$130 million to \$155 million overnight:- contracts that are signed one week and unsigned the next week, contracts that are signed in March and not signed in July - deals that have no obstacles in March and the House is called back in session in July? Do we have to be so unconventional in Newfoundland? Do we have to be so unconventional in Newfoundland? Are we to be the butt for everything, to believe everything, be told that because we are in Newfoundland we have to accept

the unconventional? What do they accept in Basutoland? What do they accept in the Sudan? What do they accept in Managua?

MR. SMALLWOOD: Nova Scotia?

MR. CROSBIE: In Nova Scotia?

MR. SMALLWOOD: Yes, what do they accept there?

MR. CROSBIE: Oh yes, the hon. Premier is so delighted with that heavy water plant.

MR. SMALLWOOD: No, no, I was not referring to the heavy water plant. Would the hon. gentleman read that sentence again from Mr. Jamieson?

MR. CROSBIE: I will Sir, in a few minutes.

MR. SMALLWOOD: Please, please read that again.

MR. CROSBIE: Now, in the meantime Mr. Speaker, I will send the article over to the Premier so that he can use it later.

MR. SMALLWOOD: The one from Mr. Jamieson, will he read that?

MR. CROSBIE: No, I have read that.

MR. SMALLWOOD: Read it again.

MR. CROSBIE: If I read it again I would be tempted to read more from it and that would only get the Premier mad.

MR. SMALLWOOD: I will not get angry, read that sentence. I would like to hear the sentence read again.

MR. CROSBIE: I will come back to it, if I have the time.

MR. SMALLWOOD: About the petro-chemical.

MR. CROSBIE: If there is a petro-chemical.

MR. SMALLWOOD: No, the sentence.

MR. CROSBIE: Mr. Speaker, I would like to oblige the hon. the Premier and I will a little later.

Now here is a study. We are considering these amendments, Mr. Speaker, and here is a study done by the Harvard Business School, on Shaheen Natural Resources Company Incorporated in 1968, and it is a very interesting study, done by people who know their business. Page 1, "Shaheen Natural Resources is a highly leveraged holding operating company which is privately owned and controlled

by John M. Shaheen." By the way, one of their subsidiaries is the Canadian Caribbean Oil Company a holding company with a portfolio of stocks, real estate and mortgages which serves as the chief borrowing vehicle for S.N.R. Now apparently this Canadian Caribbean is now going to supply oil to the Power Commission up here by Holyrood, they are going to supply them with oil now and save up a million dollars a year in the Power. But they are a holding company with stocks, real estate and mortgages.

When this was done of course, they were constructing a \$30 million anhydrous ammonia plant here. I flew over Come by Chance twice, ten days ago, and I did not see any anhydrous ammonia plant, but they were constructing it according to this study in 1968.

MR. SMALLWOOD: Do not be too impatient, the paper mill will come.

MR. CROSBIE: Page four of the same study. Mr. Alvin Smith who was in this House as a witness said this, he discussed the company's goals and strategy; "Our immediate goal is to maximize our profits with a minimum of investment." Was ever a truer word said, Sir, by any corporate officer? "Our immediate goal is to maximize our profits with a minimum of investment." That is what they have done in this agreement that is before this House.

MR. SMALLWOOD: That is very unusual.

MR. CROSBIE: Maximize their profits with a minimum of investment, no investment.

MR. SMALLWOOD: A very unusual procedure for business men.

MR. CROSBIE: A procedure that the Premier has embraced, glorified and enshrined in this legislation and this agreement.

MR. SMALLWOOD: It sounds pretty solemn.

MR. CROSBIE: We have to obtain a much higher return than the major in order to undertake a proposed venture. We look for projects that have fast payouts and that can get five and ten financing, which he explained was eighty percent debt - twenty percent equity. They have the fast payout here Mr. Speaker.

Then he goes on to say that they have to - that marketing is the important thing for them, they have to control the market, then obtain their financing and begin integrating backwards.

Page five says how the refinery was under construction and scheduled to be completed in March 1970. It says, " F.N.R. was very impressed with the political climate and advantages Newfoundland offered to industries desiring to locate there." I daresay, because, ⁱⁿno other political climate would any company ever get the advantages that Shaheen has gotten in the agreement before this House. No where, he could scour the world, he could search her, explore her, and he will never find a deal like he got from this Government.

Specialized refinery - now, page nine, they discuss electric power. "As a result of the Government hydro-electric power developments, electric power is available at two and one-half mills per kilowatt hour, a rate which can only be approached in some areas of the Pacific coast. In the mid-west, electric power costs approximately twenty mills, the Gulf coast, seven mills and so on." They are getting cheap power here.

Page ten, " The majority of the refined products would be marketed in Canada." I have seen that denied since but that is what this report says. The majority of the remaining refined products, after taking out the jet fuel, will be marketed in Canada. "One of the most favourable aspects of the refinery proposal, was the financing arrangements that were available." Yes, I would think so. They were delighted with the financing arrangements.

Long range plans, " If Shaheen Natural Resources decided to undertake the refinery venture, it would hopefully be followed by the construction of similar type petro-chemical process units contiguous to the refinery."

MR. SMALLWOOD: And it will.

MR. CROSBIE: "Shaheen would only consider developing the appropriate satellite plants if an economically attraction existed for each. This would require so and so. "Furthermore, the rapid addition of satellite industries would require massive investments of capital."

Page eleven, "the management team", the study concludes, " was faced with the decision as to whether this project, the oil refinery project at Come by Chance, met their standards for investment. They felt that conditions were changing so rapidly in the petro-chemical industry that any venture such as the one proposed would have to be a rapid payout." Now listen to this, Mr. Speaker,

A.W.Smith stated; " in this type of industry, where technology changes so rapidly, you cannot afford a twenty year payout. We need our money back within four or five years." This is the oil industry, and this is their statement. "Conditions change so rapidly in any venture, such as our Come by Chance, one has to have a rapid payout. We need our money back within four or five years." They will have it back long before that, but we will not have it back, Mr. Speaker. We will not have our money back.

Here is what the Shaheen group said; " you must have a rapid payout in the oil industry - in the petro-chemical industry, because of technological changes. We must have our money back in four or five years." Is the Newfoundland Government going to get its money back in four or five years? Not on your life it is not. The first mortgage gets paid off in the first eight years and then they start on our second mortgage, our \$30 million, which we do not get back until between the eight and the fifteenth year.

MR. SMALLWOOD: No, no, no that is wrong.

MR. CROSBIE: We will see if it is wrong when it goes through committee. We come after the \$125 million. Shaheen will have his investment I would say in the first two years, with five point one of the gross sales. They say themselves, in this study, they have to have their money back in four or five years to be safe because of the technological changes - the quickness of the technological changes in the oil industry, and Mr. Homer White, when I saw the feasibility studies the company had prepared itself in the winter of 1968, Mr. Homer White and Mr. Roy Ferner: came to my home on Circular Road and sat there with myself and Dennis Groom, we were not allowed to have it by ourselves - they sat and watched us, it was so top secret. That evening

MR. CROSBIE:

he told me that the plant could be paid out in two and one-half years so I said; "Why do you want us to have fifteen year bonds? Why must we leave our money in for fifteen years?" They wanted the use of the money but they said that this refinery could be paid out in two and one-half years. It does not suit them to have us put up our money for two and one half years, they want that left there because they want to haul out everything they can and use it elsewhere, and we are being ask to look on them as Saviours.

The Harvard Business School study shows you what the philosophy is: maximize the profit, minimize the investment. In 1968 the gross sales were estimated at \$143. million, they said the gross sales would be a year. Five per-cent of that was going to give them a fee, Mr. Speaker, of \$7.5 million the first year, the second year and so on. Whether the refinery makes a cent \$143. million was the estimated gross sales in 1968. They estimated in 1968 that after all debts are repaid, over the fifteen years there would be \$515. million profit in that refinery and at the same time they wanted us to give them power at two and one half mills, they wanted their salary costs for construction plus one hundred per-cent, they want all their out-of-pocket expenses, they want everything under the sun and their estimate was \$515. million. Now you see at that time there was going to be no corporation tax as this was still supposed to be nontaxables. That will show you the generosity of the Shaheen group. \$515. million they estimated in their pockets over the fifteen years and they still want it to scuffer us down to two and one-half mill power. When I ask them to increase the power, the cost, they said they could not afford it, the project could not afford it. Can you imagine a project they thought was going to make them \$515. million bucks could not afford to pay this Province cost for its power?

They estimated \$515. million in the fifteen years, a cash flow of \$41. odd million a year, after meeting the debt payments, and then they estimated the cost to be \$103. million dollars and then they wanted the interim financing, with all of that, they wanted our Government to give them interim financing as they could not arrange it through the banks themselves.

We have a report from Jacobs Engineering, Mr. Speaker, or we received

MR. CROSBIE:

copies of a letter dated May 6th, 1970 from Jacobs Engineering Company. It is supposed to be the independent feasibility study done under the agreement, as a condition precedent under the agreement. The agreement has now been amended. They start out by saying; "Of necessity the UOP feasibility study contains certain disclaimers of responsibility for items beyond their control or direct knowledge, we find these reasonable." Well when we read this report, what is the point of reading it? We are not told what disclaimers are of responsibility for items. What good is this so called feasibility report to us? Anyone with any intelligence to read this cannot tell whether this project is feasible or not, from the wording of it. "We have examined the UOP feasibility report. The UOP designs and Ralph M. Parsons designs and specifications, with detailed checking in some incidents, and checking and reasonable reviews in others," that is all they have done. They say, based on this independent analysis, we feel it is technically feasible and economically viable project.

They go on to page (2), "Procon Limited (Great Britain) has entered into a fixed price agreement for the construction of the plant, in accordance with these UOP and RMP designs and specifications." That is what Jacob says yet we hear the Premier on the air saying that, unless this thing is not through the House this week, so they can sign these agreements for construction and financing, the thing is doomed, and here we are told by the feasibility experts that Procon Limited (Great Britain) has entered into a fixed price agreement to construct the plant. Now how can we place any trust in the Government who make all these ridiculous, contradictory statements?

Page (3) they have examined charters as a firm commitment for Kuwait etc. crudes, they have examined product sales contracts and there are firm commitments for over sixty per-cent of the net liquid products and so on. It is their understanding that certain office facilities are going to be shared by the pulp and paper mill, with the refinery. They go on to talk about pollution. "The facilities proposed meet current standards and are similar to those of many existing refineries." That is reassuring about pollution. That is what Jacob says, "With specific reference to environmental protection, that is air and water antipollution measures, the facilities proposed meet current standards and are

MR. CROSBIE:

similar to those of many existing refineries." Not good enough, Mr. Chairman. What is the good of the antipollution controls at Come By Chance being similar to those of many existing refineries, when we notice all over the world the trouble going on with oil spills, and yet they meet current standards.

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

MR. CROSBIE: Well, the hon. Premier can reply.

MR. SMALLWOOD: No, it is not a reply. On the matter of pollution, the Government have retained the services of Professor Laird of the University and he is supposed to be one of the world's best authorities on the subject of pollution, to report to us on the paper mill now under construction at Stephenville, the oil refinery to be constructed at Come By Chance and the paper mill at Come By Chance and report to us, with advice to us, as to what we would need to do to prevent pollution. He is now, I think, one of the world's greatest authorities.

MR. CROSBIE: That is welcome news, Mr. Speaker. The gentleman in question is very highly regarded and it is a wise move on the part of the Government. Now just to finish the Jacob's study. Paragraph 7; "we understand that Procon has a firm price contract to build the refinery including the plant itself. Spare parts inventory, maintenance equipment, initial charge of catalysts and chemicals and financing charges during construction, the fixed price excludes, does not include, excludes the cost of two 605,000 barrel crude tanks, some site preparation and tank foundations and engineering up to this point." That is why I say, Mr. Speaker, it is \$165. million. You see it is \$155. million but that does not include the two 605,000 barrel tanks down there now, site preparations, tank foundations, engineering to this point. Also, and this could be significant, this price does not include Federal or provincial tariffs, if any. All this material is being constructed in England and it does not include any tariff that is going to be charged on all the equipment manufactured in England.

So I say now, without ^{fear of} contradiction it is not \$155. million, it is not \$165. million, it is going to end up, Mr. Speaker, I prophesy today, end up a minimum of \$175. million. If I am right, I will go in the engineering business. You do not even need to be an engineer to prophesy that. It is going to end \$175. million minimum, tariffs are not included, what is spent

MR. CROSBIE:

to date is not included.

MR. SMALLWOOD: The hon. gentleman is at least as good an engineer as he is a politician.

MR. CROSBIE: How good he is a politician remains to be seen.

MR. SMALLWOOD: No, no.

MR. CROSBIE: It has been seen, eh? What the hon. gentleman implies is that if someone does what he thinks is right for his Province and his conscience, what he believes in, that makes him a poor politician and he is going to get the gears for doing it. Well, if that is the case I will be quite resigned to being out of politics forever, if I am defeated. I will accept that. If to be a politician means you must not do what you think is right for the Province or the country, if that is what it means, then I would sooner be out of it. I do not think that is what it means, but we will know whether that is what it means or not when the next election comes.

AN HON. MEMBER: (Inaudible).

MR. CROSBIE: Look, if I made my mind up not to be bothered by the Premier I am not going to be bothered by any other member opposite, I am just not going to be bothered by him. There is another matter I want to mention, in fact what it is, Mr. Speaker, is this I want to move an amendment and the amendment is this: with reference to second reading of a Bill, with the motion that the Bill be now read a second time, I move that all the words after that be struck out and the following be substituted therefore, "In the opinion of this House the Government should not proceed with the refinery agreement and the Come By Chance oil refinery project until such time as better terms are secured from Shaheen Natural Resources Incorporated including a provision that the said oil refinery project be participated in by the Government of Newfoundland as a joint venture, that the Government of Newfoundland have at least a fifty per-cent equity interest in the said joint venture so that at least fifty per-cent of the anticipated profits of the oil refinery project accrue to the Province of Newfoundland for the benefit of the people of Newfoundland whose credit is making the entire project possible." I move that amendment and seconded by the hon. the Leader of the Opposition.

MR. CROSBIE:

Now, Mr. Speaker, we do not move the amendment for any purpose of lengthening this debate, and the Government has agreed behind the scenes that they have no objection to my going on dinner hour which would be over our time limit and I can finish by then certainly. I notice that the hon. gentleman opposite wants a copy.

MR. SPEAKER (NOEL): The amendment moved by the hon. member for St. John's West and seconded by the hon. Leader of the Opposition, with reference to the second reading of Bill No. 94 the refining agreement amendment Act, 1970, with reference to the motion that the Bill be now read a second time, that all the words after that be struck out and that the following be substituted therefor: "In the opinion of this House the Government should not proceed with the refinery agreement and the Come By Chance Oil Refinery project until such time as better terms are secured from Shaheen Natural Resources Incorporated including a provision that the said oil refinery project be participated in by the Government of Newfoundland as a joint venture with the Government of Newfoundland to have at least a fifty per-cent equity interest in the said joint venture so that at least fifty per-cent of the anticipated profits of the oil refinery project accrue to the Province of Newfoundland for the benefit of the people of Newfoundland whose credit is making the entire project possible."

MR. CROSBIE: Mr. Speaker, with reference to the amendment it explains itself. The amendment asks the House to direct the Government -

MR. SPEAKER (NOEL): Order please! It has been questioned that the hon. member for St. John's West now is almost to the limit of the ninety minutes that would be allotted to him in speaking to the motion before the House. The question arises as to whether or not the hon. member for St. John's West is not entitled to a further period of time in speaking to the amendment. I do not know whether it is necessary for me to raise the question, in view of the fact that the hon. member said that he could go on.

MR. SMALLWOOD: Mr. Speaker, I think perhaps it might be sound if we were to assume that the hon. gentleman has not yet moved the amendment and that he will do so just before he resumes his seat. I think I may assume that all hon. members in the House would be happy to have him continue his speech and forget

MR. SMALLWOOD:

that he has even mentioned the amendment, which he could do just before he sat down. I believe he intends to go on till lunch time and indeed, if he wanted to go on after lunch I do not think there would be any strong objection. However, there is a disposition, I believe, in the House to allow the hon. gentleman to speak, more or less, as long as he wishes too.

MR. SPEAKER: The Chair takes it then that the House is willing for the hon. member for St. John's West to continue speaking to the motion?

MR. MURPHY: I understood the motion has been moved and now the hon. member is speaking on the amendment, am I right in this, Sir, or not?

MR. SPEAKER: I think the Speaker has the right to avoid making any precedent and will allow the hon. member to proceed on the basis that he is speaking on the motion.

MR. CROSBIE: All right, Mr. Speaker, I will leave that for the last couple of minutes. I wanted to mention the business of the land, Mr. Speaker, also. The location of the plant, in the original Act that passed through this House, and the new location now given in the appendix to the amendments before the House, Schedule part (2), as I see it, are two different parcels of land, Mr. Speaker, and as far as I know the Government has not explained why at this late date the refinery, which started in 1967, is in 1970 having its location changed from the land described in Bill No. 65, the earlier Act of 68, why the location has now been changed from that land described in that document to other land described now in these amendments?

MR. SMALLWOOD: Immediately beside it.

MR. CROSBIE: Yes, but other land.

MR. SMALLWOOD: Contiguous and with less bother.

MR. CROSBIE: The site, as I have heard, I do not know whether it is accurate, the site where for years it had been decided to build this oil refinery has been found to be unsuitable and therefore has to be changed to another site.

MR. SMALLWOOD: No, no, that is not so. It is more suitable to move it a few yards or hundred feet.

MR. CROSBIE: I would like some explanation, Mr. Speaker.

MR. SMALLWOOD: Well, that is it, that is the explanation.

MR. CROSBIE: The original site was thousands and thousands and thousands of acres, that was what the original site was.

MR. SMALLWOOD: Not Thousands and thousands and thousands.

MR. CROSBIE: 1,032 acres in this original site. Now this site has to be left, after three years, and it has to be moved to another piece of land, with 32,000 acres. Obviously an engineering mistake was made or it appears obvious it was made. This is something else that does not give one any confidence in the project, Mr. Speaker. How can for years it be planned and in fact two tanks be built, two 600,000 tanks built, and the land described in the 1968 Bill be passed by this House and now, when this Act goes through the House the whole site changed again? It is another demonstration of incompetence or a reason not to have confidence in the promoters that the Government are dealing with.

The Premier said, when he was opening the debate on this Bill, that the law passed in 1968 was still the law of the land. Mr. Speaker, that is not the relevant point. The law passed in 1968 is still the law of the land but Mr. Shaheen did not observe, did not meet his obligations under the law passed in 1968 -

MR. SMALLWOOD: Because we stopped him.

MR. CROSBIE: The Government stopped nothing. At May 23rd, 1970 Mr. Shaheen had not met his obligation to this Province and the whole thing was opened up again for renegotiation under the 68 law, but the Government did not do that, it has not renegotiated any kind of a reasonable settlement. It is a new situation. The law passed in 1968 did not dictate to the Government that in 1970, when Mr. Shaheen had failed to perform, the Government should not force him to accept a better agreement or get someone else or get someone else to carry out the Come By Chance agreement, better able to do so. Mr. Speaker, under these amendments, which we can go into in more detail when they go through Committee, even the few details, the few obligations that were in the 1968 agreement are gone. It is all left for the Lieutenant-Governor in Council, The term of the bond, the condition of the bonds, that is all now going to be left up to the Cabinet. There is no fifteen years, no specification in the agreement at all. How the money is going to be advanced is going to be decided by

MR. CROSBIE:

the second mortgage. We are not shown the second mortgage. We will never see the second mortgage. Under the old agreement, our money, the \$30. million loaned directly by the Newfoundland Government, was to be advanced as the first mortgage money was advanced, equally. That is what the agreement specifies, so that they would not get all our money first, it would be advanced side by side. Now these amendments do away with that so that our \$30. million, Mr. Speaker, can go and be spent down at Come By Chance before any other money is spent there and we will take the risk of losing it, if anything happens during construction.

We do not know what is going to be in the second mortgage. The Government has not said what is going to be in the second mortgage, what the conditions are going to be, not a word have they said. Is that reasonable? The Premier said; comparing this to BRINCO, that the Province is going to get eight per cent off the top from the BRINCO Hydro-electric Development at Churchill Falls - and I have his quotation here direct.

MR. SMALLWOOD: And all other BRINCO developments.

MR. CROSBIE: The Premier said that BRINCO had no assets except what we gave them and the Premier intimated that this was the same in this Come By Chance agreement, that it is a similar situation.

MR. SMALLWOOD: No, I did not, no I did not. It is the very opposite.

MR. CROSBIE: The Premier, that is how I got this great idea for the five per cent.

MR. SMALLWOOD: Yes, I did say that.

MR. CROSBIE: He said, "I had thought up the eight per cent of the BRINCO one and why did I? Because BRINCO had no assets except what we gave them." Now all we gave BRINCO, Mr. Speaker, was the right to develop one of our natural resources, the water power at Churchill Falls, and BRINCO -

MR. SMALLWOOD: A number, not one, a dozen.

MR. CROSBIE: BRINCO has developed it with money raised by BRINCO. This Province has not guaranteed a cent, it has no money in it, it is not at risk in it and we are getting eight per cent off the top from BRINCO, when they do it, yet here is Come By Chance, this Province is putting up every cent, every cent of \$165., if it goes to \$175. every cent of that, if it goes to \$185 every

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MR. CROSBIE:

cent of that, We are putting it up, not any of our natural resources. We are not just giving the Shaheen group our natural resources and they develop them with their own money, they are not spending their own money at all. There is no comparison

MR. CROSBIE: and we are to get five percent. We get eight percent from Brinco, off the top. We have not got a cent into it. We have not guaranteed a cent. Yet from Come-by-Chance, where we put in every cent, guarantee every cent, take all the risks, we are going to get five percent, off the top. Mr. Shaheen is going to decide how big the top is. Does that make sense? Should we not at least get half the profits from this deal? We are putting up all the money. Would not that be sensible? It should be a joint venture. We should have ownership of half - half of everything that is made should come to us. We should be at least half owners. Is that being unreasonable when we are putting up a hundred percent of the money? Now granted, Mr. Shaheen has done a lot of work too and promoted it. He got the sales contact in the certain things he is doing. It would not be fair not to say that there are not. I would be quite prepared for one, in a deal like this, to agree to fifty/fifty. Fifty/fifty. It is our money and he has got something to contribute. But not ninety-nine percent to one percent, as this is. That is not reasonable. The Government has not come before us now with anything reasonable.

There is nothing in the legislation, the amendment, Mr. Speaker, nothing that requires the Government to table in this House the agreements, the mortgage and so on. Why not? We have been kept in the dark about this from the start. That is a clause that should be in there.

MR. SMALLWOOD: Would the hon. gentleman - I tabled one thing. Would the hon. gentleman allow me to table three other agreements, now?

MR. CROSBIE: Go ahead, Sir.

MR. SMALLWOOD: One is the sales agency agreement. The other one is the management agreement, and the other one is the construction supervision agreement.

MR. CROSBIE: Right!

MR. MURPHY: Copies, please?

MR. SMALLWOOD: Well the copies will be made by the clerks office, in the normal way.

MR. CROSBIE: Well there should be a clause in then, Mr. Speaker, we are glad to see these things are tabled, where the Government will be obliged to table it the next session of the House, the first mortgage, the second mortgage and the other agreements, so anybody interested can peruse them. There is a clause like them in the Melville legislation. It should be here in this one also.

MR. SMALLWOOD: It has to be registered

MR. CROSBIE: We have to remember - another thing that must be remembered, Mr. Speaker, is this - that no matter how good an agreement is, or what clauses there are in it to protect us, to protect anyone, these are only effective, if they are in force, if there is a party who wants them in force, who will see that they are enforced.

Now whatever protection there is in this agreement for Newfoundland, it is of no value to us if we do not have a Government and a Premier or a Minister of Economic Development who will see that the other side lives up to their obligation.

Now my experience leaves me to prophesy that this will not be done by the present Government or the present Minister of Economic Development. That this agreement will not be enforced, where we do have some rights, and where we cannot send in auditors and accountants and engineers and the rest of it, where we have to approve the charter tanker rates, or where we have to do to prove certain things, that this will not be done with the scrupulous efficiency and energy that it should be done with, to protect our interests. Why not? Because the same story will be used by Mr. Shaheen and his cohorts, as was used in the negotiations leading to this agreement.

Whenever anybody asks that the two and a-half mill power be changed so that they pay cost - in to the Premier to tell him that the whole project would founder if that happened. That would go out. Whenever anybody suggested that a quarter of the profits or half of the profits should come to Newfoundland or when I suggested, for example, that Mr. Shaheen should

MR. CROSBIE: be obliged to reinvest in Newfoundland a certain proportion of the profits he is going to make from the refinery, when anything like that was suggested, then it was to Mr. Shaheen the Premier, to tell him that if these things were done, the whole thing would stop, would fail, would not go through. So the Premier would squash that.

Now when it comes to enforcing this agreement, it is discovered perhaps that charter tanker hire rates are higher than the international tanker market dictates or the sales prices are lower than they should be to enable this project to make a profit, or something else is discovered. And Mr. Shaheen has gotten after, If it is, (The old story will come back) If you enforce, the whole thing is going to flop. Wham! It will not be enforced.

It is one thing, Mr. Speaker, to have an agreement, but this Government has got no one, has not got the people, have not organized them yet or gotten others, in a unit, whose job it should be, with these agreements, to see that they are carried out and enforced; hard-nosed, that will not be interfered with by the Premier nor anyone else, when they come across people who are not living up to their agreements. That is not going to be done, but it has to be done. There are a hundred ways, under this agreement, where Mr. Shaheen can take us to the cleaners, despite our right to approve this, that or the other, if we do not have competent people watching for us, who will not be stopped, by the Premier nor anyone else, from pointing out that they are violating the agreement. This is another great weakness in this.

I do not think my past experience leads me to believe that that will ever be done. You can go right through the Agreement and all those areas that are so important to us.

Mr. Shaheen you see, Mr. Speaker, is going to decide what the sale price for these products are. We have no right to check him, He is, his

MR. CROSBIE: company is going to decide what it sells for. This is a great omission in this agreement, which I did not realize until the amendments came up. We do not have the right to agree or disagree with the price at which Mr. Shaheen will sell the oil products. Now he can sell the oil products at a loss to the refinery at Come-by-Chance, but still make tremendous money himself because he gets 5.1 percent of the gross. They can sell \$150 million of products the first year. The oil refinery can lose millions because they do not get a high enough sales price, but Mr. Shaheen will still get his seven and a-half million, under the five percent of the gross sales cost. We have no way of checking that. There is nothing in this agreement now that says that we must agree to the sale prices. He has to present sixty percent take-or-pay contracts - take-or-pay contracts for sixty percent of the production for five years. For the other forty percent we do not know what he is going to sell it for. He can sell it at any price he likes. He can decide whether the refinery at Come-by-Chance will show a profit or not show it. We have no way of checking that - stopping it. That is a bad oversight.

The same with buying the crude, the price that he buys the crude at. Mr. Shaheen can manipulate this whole thing to suit himself, under this agreement, and do not fool yourselves about that for one minute, Mr. Speaker.

MR. SMALLWOOD: Does the hon. gentleman remember that the crude has been brought, under contract, at a fixed price for ten years to come?

MR. CROSBIE: Under the agreement sixty percent of the crude has to be arranged for a five year period. Now it may be arranged for ten years, but the hon. the Premier has not explained to this House - given this House any real detail on this. All we know is what we have seen in the papers occasionally. The hon. the Premier well knows that.

Now there is a lot more things that could be said -

MR. SMALLWOOD: By the way British Petroleum is virtually the British Government. The British Government are guaranteeing the bonds for eight years and the British Government controls British Petroleum, who are supplying the crude oil to Come-by-Chance. It is a pretty good check.

MR. CROSBIE: Well, now if I might come to the amendment, just to finish up I think, Mr. Speaker. There is a lot more to be said, but it is better left for the committee, it has to do with various clauses of these amendments.

The amendment is that, in the opinion of this House, the Government should not proceed with the Refinery Agreement and the oil refinery project until such time as better terms are secured from Shaheen Natural Resources Incorporated, including a provision that the said oil refinery project be participated in by the Government of Newfoundland as a joint venture - with the Government of Newfoundland to have at least a fifty percent equity interest in the said joint venture, so that at least fifty percent of the anticipated profits accrue to the Province of Newfoundland for the benefit of the people of Newfoundland whose credit is making the entire project possible.

So the amendment asked, Mr. Speaker, that the House agree that the Government not proceed with this project until the Government gets better terms, including an agreement that we participate in the ownership's fifty percent and in fifty percent of the profits. I do not think that anything could be more reasonable. Because Mr. Shaheen will not agree to these terms? If Mr. Shaheen will not agree to better terms, and with this Province to receive at least fifty percent of the profits - to be at least fifty percent owners of this facility that we are building with the money of the people of this Province and their credit. If he will not agree to that, then let us get other people to come in on this oil refinery project. There will be others willing to come in that will be more humane, more true friends of Newfoundland than Mr. Shaheen. Mr. Shaheen has had the right for ten years now to establish a third pulp and paper mill in Newfoundland. In 1967 he dropped that, because he got the oil refinery

MR. CROSBIE: concepts and saw that he could make his fortune, make hundreds of millions of dollars, with this oil refinery project that would not be taxable and the rest of it. He forgot the third mill, which, if it ever went and where feasible, would at least be based on our natural resources, and give us a lot more jobs. And went on with this oil refinery and for three years he has had the Premier and the Government hypnotized with this oil refinery from which we are going to get 300 jobs or 400 jobs at the most and tie up a lot of our credit.

It has been seven or ten years without getting the third mill. Now he is on the refinery. If he is not willing to give the people of Newfoundland a break in this deal, he is not willing to share the hundreds of millions that may be made - the feasibility studies are right - with the people of Newfoundland, then we should not do business with them. Do it ourselves or get someone else to take it over, Mr. Speaker. I think it is an awful pity that so much of the energy of this Government has gone on this oil refinery for the last three years, and not another aspects of economic development in Newfoundland are developing, generally, hypnotized with this refinery, which means little or nothing to Newfoundland unless a petro-chemical industry comes out of it. Unless! There is no assurance that any petro-chemical industry is going to come out of Come-by-Chance.

MR. SMALLWOOD: Oh, yes there is. Oh, yes.

MR. CROSBIE: No assurance.

MR. SMALLWOOD: Oh, yes there is.

MR. CROSBIE: And no assurance that if one does come that the cost benefits are not going to be outrageous, on the cost side, if this Government is not going to give it two and a-half mill power and all the rest of the concessions that the Government are going to give him.

MR. SMALLWOOD: I am not giving them any money,, any guarantee, any financial concession of any kind.

MR. CROSBIE: Mr. Shaheen will use his best effort to see that there is a petro-chemical industry established.

MR. SMALLWOOD: He has already done that.

MR. CROSBIE: It is not even required that he use some of the profits from the oil refinery to establish a petro-chemical industry at Come-by-Chance. Why is there no condition in their saying that at least twenty-five percent, fifty percent of the profits? Supposing that it stays the same now, we are never to get the profits. Why is there no provision requiring Mr. Shaheen even to invest back in Newfoundland half the profits he is going to take out of it if it is successful? Would not that have been reasonable? "You, Mr. Shaheen will have to reinvest in Newfoundland one-quarter of what the oil refinery makes. You will have to reinvest to Newfoundland"- would that have not been reasonable? All the profits that are going to be made as a result of our investment - would that have not been reasonable? No dice. Mr. Shaheen would not agree. I suggested it to him. He would not agree. Not even to reinvest in Newfoundland a cent of the money that is going to be made at Come-by-Chance.

MR. SMALLWOOD: There is no such agreement in Canada today from coast to coast.

MR. CROSBIE: There is no such agreement as this one in Canada, the U.K -

MR. SMALLWOOD: Yes, there are.

MR. CROSBIE: The U.S. anywhere in the world. Nowhere.

MR. SMALLWOOD: The hon. gentleman is so wrong. Is so wrong on that.

MR. CROSBIE: Look at the project, Mr. Speaker, the one in Manitoba, the pulp and paper mill in Manitoba - anyone who reads "Time Magazine," and sees the mess they have got into out in Manitoba, on that \$92 million project that, the Government would not tell anyone about. Now the Government that succeeded the Conservative Government in Manitoba is trying to grasp that difficulty. There is nowhere that such a full-faced attempt at robbery has gone through a House of Assembly, similar to the one contained in the

MR. CROSBIE: agreement that we are amending here today. The promoter of it, a man who wants to make hundreds of millions, not willing even to agree to reinvest one cent of it back into this Province. We are suppose to praise him highly as a great entrepreneur, a risk-taker. What is an entrepreneur? A man who takes risks. Is there any risks being taken here by Mr. Shaheen? Not at all! No! The only risk is that if the people of Newfoundland gets a chance and change the Government that something will be done to stop this highway robbery that is going on under this agreement.

MR. SMALLWOOD: Highway robbery is it? That is a new one.

MR. CROSBIE: Yes. Right that is what it is equivalent to.

MR. SMALLWOOD: Highway robbery?

MR. CROSBIE: Yes that is what it is equivalent to. It is the most rapacious agreement. We have many private group, and the Government that ever came before this House. I mean, after all, Mr. Speaker, when you consider that the public's money and credit is to finance the whole thing, a hundred percent, and then private people are to come in and manage it, construct it and run it and get all their expenses, plus a hundred percent of the salaries and fees of five percent of the gross sale, twenty-seven percent of the net, and get it all back, the indebtedness is paid off, all back for themselves, in fifteen years to own the whole kit and caboodle and will not agree to share the profits, except for this five percent, Don's five percent, forced by the Federal Government. They fought and they kicked and they kicked and they fought against that five percent. That is why this was not brought in, in March or April, because Mr. Shaheen kicked like a steer, We did not want to pay this five percent cent on five percent. He fought against that from March to July. That is why this is coming in July, We all know that, anyone who knows anything. That is why he fought even against the five percent forced by Ottawa, but had to give in because Ottawa said, "no wharf without the five percent."

We are doing all that for people who will not share the profits with us, who will not even agree to reinvest a part of those profits back in

MR. CROSBIE: the Province of Newfoundland, And we are suppose to thank the Government and thank, and thank these great entrepreneurs for that. Yes, we should put up statues to them. They must be laughing. They were laughing here on Friday. They must be laughing up their sleeves at this poor gullible Province which, because we have got a heavy unemployment problem, because we need development so badly. It is a sport not only of a historic misfortune, Mr. Speaker, but the sport of historic fortune seekers, that is what we become. The Province, that was the sport of historic misfortune, is now the sport of historic fortune hunters. That is what we are. Because they think we are down and out, because they think we have got no choice, we have got to accept their terms.

The fortune hunters have had a heyday the last few years, because we have got a Province that does not have an Economic Development Department, we have a Province that has a Premier and a Minister of Economic Development, who was so anxious to be able to announce developments that they are announced before there are ever any conditions set. And never did a man use that fact more than Mr. Shaheen, the fact that in 1967 this refinery was announced before there was any agreement entered into. He knew the political advantage they gave him - that the Government could not politically stand the embarrassment of it not going ahead, once the Premier had announced it. He knew that. They all know that. The Premier's announcement went ahead, before the committee even had those sixteen points agreed with Mr. Shaheen.

Then the bargaining starts, and of course, then they know they got you. Then they know they got the politicians. Then they know the Government has announced it, and the Government cannot politically stand now not to have it go. So they come in and say this cannot go ahead without this, it cannot go ahead without that, it cannot go ahead without the other. And it is politicians who announced the great project have to keep agreeing. So all those demands, no matter how outrageous, what I saw for the two years I was there. That is why I got out.

MR. CROSBIE: Mr. Speaker, looking back on it, I do not know how I lasted so long in it.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: Well it only matters to me if we can get it changed. If we can get it changed and get a sensible economic development policy in this Province, a rational one - one of which we share the benefits - one of which things are checked out first before the announcements are made, one which the promoter cannot go in and just take everything and give us nothing, one where the promoters are not going to use our misfortunes against us - our hunger for advancement against us. When that day comes about, if what happened in the last two years results in it that will have been well worth while. It is not that anybody would say, Mr. Speaker, that the Premier, who heads it, does not have a desire to do what is best for Newfoundland. We know the Government and the Premier do. But the Government and the Premier have lost the capacity to make the kind of decisions that are necessary to really advance the interest of this Province, in my view. They will grasp at anything, without it being properly checked, because it looks like development for Newfoundland or looks like a good thing politically or it sounds good. This has gotten us into tremendous trouble. It is not enough to want to develop this Province. That is not enough. It is not enough to want to make great announcements. It is not enough to want to keep people employed. It is to take the effective approach, that so often is a quieter approach, it looks so conservative with a small "c." That is the kind of an approach that develops the Province and the country. The hard bargaining approach. Why should we appear to the world like we are on our backs and out for the count? We should appear the other way. Yes, we should appear the other way. Yes, we want development, and we will have you here only if you will share fairly with us in the fruits of the enterprise that, we are going to be involved in. Not the whinning approach that Newfoundland is so misfortunate that we have to agree to whatever these great entrepreneurs

MR. CROSBIE: want us to agree to.

I do not want to agree, Mr. Speaker, with the new amendments. They are a small improvement - five percent of the gross is a small improvement, not sufficient. The whole thing was up for renegotiations, the Government failed to do it. I therefore intend to vote against the amendment. I am delighted to have the chance to place it on the record. I will be delighted to face the electorate in a by-election or a general election on the grounds that I oppose this agreement, which is too one-sided and against the interest of Newfoundland, because it is. When we go through committee I will have more to say on particular sections of it.

I feel, Mr. Speaker, as I said when I started out, that this is so important to this Province that it should have no validity unless it is ratified first by the electorate of this Province. I support the amendment, which at least will put some sense into it, which would send the Government back to try and get a better deal for Newfoundland and at least fifty percent of the profits.

I move the amendment that Mr. Speaker got before him now that the words "that" be struck out and the following to be substituted - "in the opinion of this House, " (I do not need to read it all, I move the amendment).

Thank you, Mr. Speaker.

MR. SPEAKER: (NOEL): The position now is that the hon. the member for St. John's West, seconded by the hon. the Leader of the Opposition, has concluded his speech by making this motion for an amendment and the Chair will take the amendment under advisement during the break between now and when we resume. It being 1 P.M I leave the Chair until 3:00 P.M.



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SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House resumed at 3:00 P.M.

PREMIER SMALLWOOD: Mr. Speaker, may I express a warm welcome to this Chamber to one of the greatest friends that Newfoundland has ever had in all her long history, in the person of the Baron Edmund de Rothschild, head of the famous house of Rothschild of London, who, of course, as we know is the man who put the Churchill Falls project together, who put BRINCO, the British Newfoundland Corporation, together and has from that moment, as we can testify, as I, personally, can testify, from that moment, has been an ardent and you might say indispensable friend of the people of this Province.

We are so happy to see him here today. He is visiting us. He is staying at Government House. He and Mrs. de Rothschild and two of his children. They are going tomorrow morning to Churchill Falls. They are going to spend some days down there. It is one of his fairly frequent visits to our Province. We are so extremely happy, indeed, to have him here.

Now Mr. de Rothschild, normally, does not use his title of baron. Normally, even less uses his title of doctor. But he is a doctor of our Memorial University. We are so proud that he is a doctor. I feel sure, sir, that I speak for the House and for Newfoundland, when I say how happy we are to have him here. Perhaps, your Honour, the House would like to hear a word from Mr. Edmund de Rothschild and, if the House did, I am sure your Honour would want to invite him to the head of the committee table, to say a word to us before we resume our business. Because let it not be forgotten that large as is the issue that we are discussing here in these special days, it pales into insignificance by comparison with even the first phase only of the Churchill Falls development - \$1,000 million with another \$500 or \$600 millions, we hope, to be expended in the development of the Lower Churchill, not long from now. Representing, as he does, the greatest industrial development of its kind in our history and in Canada's history and of its kind the greatest in the world's history, as the man who put it together

Mr. Smallwood.

do you not think, your Honour, we would like to have a word or two from him?

MR. SPEAKER (MR. NOEL): It is the pleasure of the House that we admit the hon. Baron de Rothschild.

MR. MURPHY: Mr. Speaker, I would like to join with the hon. the Premier in extending warm greetings to our hon. friend, the Baron. I feel, as far as we are concerned, that we think it would be a great privilege at this particular moment for the Speaker to invite the baron to perhaps say a few words to the House.

BARON de ROTHSCHILD: Mr. Speaker, members of the House, it really is a tremendous honour for me to talk to you again. The last time I came and said a few words, it was of encouragement and hope that we would get the Churchill Falls development under way. We have been through many tribulations and trials together; great difficulties in piecing together such a gigantic concept, but we succeeded in so doing and this has been a credit to Newfoundland and all that you, yourselves, have stood for.

When we started in 1952, Winston Churchill said of this development that it was a grand imperial concept but not imperialistic. Now you probably heard those words very, very many times. It is perfectly true. All that we, Rothschild and Sons, were able to do and I, personally, was to put together the concept of this development and pass it to Canada to fulfill. My function has been now very much to help and aid people in Canada to get this great development going. My faith, therefore, has been kept with this Province, and I am indeed proud of the honour which has been accorded me, sir, when you made me a doctor, of the University which was another dream of Newfoundland.

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Mr. de Rothschild.

Perhaps in raising the standard of living slightly in this Province, we have achieved something. After all, what are we here for but to try and raise the standard of living of everybody everywhere? You have lead the way; rural electrification; communications. People here are very, very much happier than they were when I first came to the Province, but I think that goes for very, very many parts of the world. If you are lucky, as I am, to have been under, perhaps a name that meant something and moreso was supposed to have had wealth - well I had perhaps, sir, a silver spoon in my mouth, but I hope I have been able to help others.

It has been my privilege, gentleman, to work with a great many Newfoundlanders and to find them really friendly and very, very nice people. My son came out to Canada this year and worked as a labourer at Churchill Falls. Both my wife, as the Premier said, and my other three children are with me, so that they should see for themselves this marvellous spectacle of the Falls, and before they, themselves, are dried up and converted for the beneficial use of countless thousands of generations. Thank you very much indeed, for asking me to address this House. It has been a real honour. I pledge myself again to work for the development of the two other projects; the Lower Churchill, which I sincerely hope we shall see fulfilled and perhaps one day, ^{even} further into the future, the utilization of the fresh water of the Churchill, perhaps to flush out the pollution of the Great Lakes or perhaps to give potable water to areas where there is a need, such as New York, who knows? The future lies very much in your hands. May I wish you every success.

Thank you very much indeed!

PREMIER SMALLWOOD: Mr. Speaker, Mr. de Rothschild did not tell us how his son got that job in Churchill Falls. Did he go through

Premier Smallwood.

Canada Manpower? I hope he followed all normal procedures to get that job. If he did not, maybe that is why he lost the job.

May I, in behalf of the whole House, express a very cordial word of welcome to a very distinguished cleric of the United Church of Canada, the Reverend Mr. Smith, who is, I believe, the superintendent pastor for the whole of the United Church in Newfoundland. The Reverend Mr. Smith served at Happy Valley and here at Gower Street Church and at St. Anthony and is now occupying - the first person in our history in Newfoundland to occupy his present position of superintendent pastor for the United Church in this whole Province.

We are very happy to see him here today.

MR. SPEAKER (NOEL): Before we took recess, the hon. member for St. John's West, seconded by the hon. Leader of the Opposition, made a motion. t that time the Speaker said that it would be considered over the break and a ruling would be made on it after we resumed at 3 p.m. I refer hon. members to page 279 of Beauchesne, Paragraphs 388 and 389. It is the opinion of the Chair that the resolution falls within the principles set out there, in that the proposed amendment can be made or be moved when the Bill is at the committee stage. I, therefore, have to rule the amendment out of order.

MR. CROSBIE: What pages in Beauchesne did your Honour refer?

MR. SPEAKER (NOEL): Page 279.

MR. CROSBIE: I have not quite understood the Speaker's ruling, Mr. Speaker. On page 279 of Beauchesne - to what principle does the Speaker refer.

MR. SPEAKER (NOEL): I do not want to debate the thing, but at the

Mr. Speaker.

very bottom of the page 389, the Speaker ruled the proposed amendment out of order because the clause of the Bill provides so on and so on and so on. The member could serve his purpose by moving the amendments to those clauses in committee on the Bill - paragraph 390. That is it.

MR. CROSBIE: Mr. Speaker, with respect I would like to refer to Beauchesne myself in connection with your ruling.

MR. SPEAKER (NOEL): I have made the ruling. I am sorry. It is not subject to debate.

MR. CROSBIE: Well then I submit to your Honour that it seems to me an unusual procedure for your Honour to make a ruling before asking for any argument to be addressed to the point. And in my submission the amendment is quite in order and according to Beauchesne, page 283 to 285.

MR. SPEAKER (NOEL): It is not open to debate. It was considered by the Clerk and myself during the break and that is the ruling.

MR. CROSBIE: Mr. Speaker, with respect, I would like to appeal your ruling.

MR. SPEAKER (NOEL): Motion is that the Speaker's ruling be upheld. Those in favour, "aye." Contrary "nay." I declare the motion carried.

MR. CROSBIE: Shall we divide, Mr. Speaker.

MR. SPEAKER (NOEL): On division.

Those in favour of the motion please rise:

The hon. the Premier; the hon. the Minister of Labour; the hon. the Minister of Highways; the hon. Minister of Municipal Affairs; the hon. Minister of Labrador Affairs; Mr. Hodder; Mr. Strickland; the hon. Minister of Community and Social Development; the hon. Minister of Finance; the hon. Minister of Public Works; the hon. Minister of Provincial Affairs; the hon. Minister of Social Services and Rehabilitation; Mr. Canning, Mr. Barbour; the hon. Minister of Health; the hon. Mr. Hill; Mr. Lane; Mr. Moores and Mr. Saunders.

Those against the motion please rise:

The hon. the Leader of the Opposition; Mr. Hickey;
Mr. Marshall; Mr. Collins; Mr. Earle; Mr. Crosbie; Mr. Abbott;
Mr. Myrden and Mr. Burgess.

I declare the motion carried.

MR. CROSBIE: I do not know whether I am correct or not, but I feel very strongly that the wrong procedure has been adopted by your Honour in this matter. If there is a question as to whether or not an amendment is in order or a motion is in order; surely, it is only right for your Honour, the Speaker, to give members of the House a chance to give your Honour their opinions on the matter before your Honour rules. This matter has not been appealed. I know it is not debatable. But it seems to be under Beauchesne that it is quite in order. I will not argue the point now.

MR. SPEAKER(NOEL): Before we broke, the Chair informed the House that the matter would be considered over the break and no hon. members expressed any wish to be heard. Shall this Bill be read a second time?

MR. MURPHY: Mr. Speaker that no member wished to be heard. That really does not appeal to me, because how can we be heard? We all expected that this thing would be - it is the first time that I have ever heard of it happening. How can we appeal something when we did not know what the decision would be? So, I do not think, basically, the hon. Speaker can say that we were not heard on it before he gave his judgement.

MR. SPEAKER (NOEL): My understanding is that the Speaker hears hon. member at the request of the Speaker and not as of right on the part of hon. members, when it comes to ruling on the point of order. In the present case, the Speaker informed the members of the House that he would consider the validity of this resolution over the break period. Over the break period it was considered and a

Mr. Speaker.

decision was made.

Shall this Bill be read a second time?

MR. MARSHALL: If I may, your Honour, before proceeding with the debate, I should like to express my appreciation to the members of the House for the very cordial welcome I received on Thursday last, on taking my seat for the first time; particularly, to the hon. Leader of the Opposition, the hon. member for St. John's West and also in particular to the hon. Premier himself whom, I understand, has taken somewhat of a degree of credit for the election in St. John's East.

Perhaps he deserves a little bit of the credit for my election in St. John's East, because the longer the hon. the Premier leads the Government and the longer the Government is in power the more Tories there are, not only, in St. John's East but throughout all Newfoundland itself.

Mr. Speaker, as we get on to the Bill, to this particular item that is now before us, first of all the hon. the Premier, when he was introducing the Bill, pointed out the need for much haste in the consideration of the provisions of this Bill. He stated that there was need because of various financing commitments that had to be met by the end of July. It is apparent and it is patently obvious that the reason why the previous agreement was not implemented is purely and simply because of either lack of the Shaheen Natural Resources people, through Newfoundland Refining, in complying with the requirements of finding the financing or else it was because of the Government's fault itself, in that the Government had borrowed from every single quarter, so that the only place that Mr. Shaheen

Mr. Marshall

and Newfoundland Refining could find money was from some place in Chiehyany, or some other equally unacceptable place itself.

This Bill is of great importance to the people of this Province, Mr. Speaker, and the members of the Official Opposition will not be driven off the point that it has to be debated in its absolute and complete fullest.

Mr. Speaker, it is completely beyond the comprehension, beyond my comprehension, how we could possibly ever get to the stage where we are now considering expending a huge sum of \$155 million to provide the small number of 450 jobs, perhaps not half of which will go to Newfoundlanders. It is absolutely incredible that we should get to this stage.

Now we are expending, in the first instance, I would point out. we are expending \$155 millions of our dollars. The hon. the member for Burin, in a very capable fashion, pointed out the distinctions between a Crown corporation - the legal liability of a Crown corporation and the moral liability of the shareholders; that is the Government itself, in meeting any obligations.

I have to say, Mr. Speaker - I have to observe that it was with a great deal of alarm that I heard the comment made by the hon. the Premier, to the hon. the member for Humber East, to the effect that we have no liabilities - that is the Government have no liabilities for the debts of the building company or for the debts of the operating company in this particular instance.

There have been many statements, Mr. Speaker, made from time to time in the House of Assembly, and members of the Opposition have been accused, from time to time, of impugning the credit of the Province

Mr. Marshall

by asking constructive suggestions about the expenditure of funds. I cannot conceive of anything which will impugn the credit of this Province more than for the Leader of Her Majesty's Government to get up in the House of Assembly and state, unequivocally, that we have no liabilities for the debts of the Crown corporation. Doubtless that this would cause the financiers in Toronto, New York and London to throw up their hands in holy horror. We cannot and we can never escape from the liability passed upon us by this particular agreement; even though it be through the device of a Crown corporation. We have to accept it and it is there. It makes no wonder, when I hear that statement - I did not fully appreciate, and still perhaps do not, the reason why Mr. Shaheen or Shaheen Natural Resources have been given the right to purchase two shares in the operating company under the amendment. As we know, a Crown corporation to exist, ninety per cent of the shares must be held by the Crown. It still retains its characteristics of a Crown corporation, even though Mr. Shaheen or Shaheen natural resources holds ten per cent of the shares; the two shares.

I just wonder and I would hope - I would sincerely and fervently hope that this procedure was not adopted, purely and simply for the purpose of sale, that this is not a company that is owned in its entirety by the Province of Newfoundland. Outside interests have a ten per cent interest in it, therefore, putting up a barrier, in years to come, in hopes of avoiding any liability that may be incurred as a result of failure of the project. It must be remembered - it must be remembered by all parties that this particular project is a creature of this Government and we are responsible for it. Maybe not legally, maybe not by the technical

legal principles but we are morally responsible for this indebtedness of \$155 million and in the event of the Government reneging it, it is the same as if they reneged on their direct obligations.

Now as I say, it is very hard, Mr. Speaker, to imagine, to conceive - it is beyond comprehension as to how we could get into this particular situation of providing or spending \$155 million for a mere 450 jobs. We have to go back in history. We have to go back in history in order to determine how we got in this particular situation. We can go back further than 1966 but perhaps it is satisfactory, at the present time, if we go back to the great sod-turning ceremonies that will probably bury Newfoundland, preceding the 1966 general election. That particular

that particular time, on April 27, 1966, there was an announcement made by the Hon. the Premier that there were to be two industries in Newfoundland, in Come by Chance. An anhydrous ammonia plant, which was to cost \$33 million and provide fifty jobs, and a third mill also to be operated by the Shaheen interest, which was to cost \$62 million and at that particular time would realize 3,400 jobs. Subsequently we had the vision, in 1967, of Porto Rico, the vision from Porto Rico, where they had the petro-chemical complex established, where it was mentioned that they had 35,000 jobs, 35,000 people working in the factories. And as an adjunct to that, of course, we had to have the refinery. The whole thing, Your Honour, this whole bit, piece of industrial development, to which we are now turning our attention, depends in its entirety on the establishment of a petro-chemical plant. And we have no guarantees of a petro-chemical plant.

In January, 1969, at Rotary, and again in this Hon. House on Friday last the Hon. the Premier said that if this deal only involved the establishment of a refinery, employing some four hundred to five hundred people, he would not be interested in it. That was his statement and he confirmed it.

MR. SMALLWOOD: And confirm it again now.

MR. MARSHALL: And you confirm it again now. But we have, Your Honour, we have no guarantee. I say to the Government; we have no guarantee of a petro-chemical complex. Surely to Heavens, before we will consider advancing

\$155 million for which we will be responsible, surely, we are entitled to the benefit of seeing whether or not it is feasible to establish any petro-chemical plant in Come by Chance as an adjunct to the refinery. Then and only then should we consider it. Imagine spending \$155 million for about four hundred jobs, which works out to approximately \$370,000. We cannot take the risk. I know this Government might turn around, I know that Governments have to take risk from time to time. Obviously Governments have to take certain risk but they have to be reasonable risks. We cannot

gamble blindly. And I say, Mr. Speaker, that we are playing Economic Russian Roulette with the economic future and the welfare of Newfoundlanders for generations to come, with the particular type of development. This is a by-product of the "Develop or Perish" mentality or policy which has been expressed by the Government. And in practise this policy, Mr. Speaker, I am afraid, is developing into a realization of perhaps "Develop and Perish." It is not something that we can afford. We should have, the type of development we should have in this Province is the type of development, not where you rely on your raw materials, from far, far away, but where we have the raw materials here. It is of very great interest that over in Old Perlican, recently an advance was made to Ocean Harvesters Limited, equal to \$750 per job. There are a hundred and twenty jobs being established in that particular area and the total capital expenditure is \$450,000. And that works out to about \$3700 per job, as contrasted with the \$370,000 per job. That is quite a distinction. And it is a much more stable and effective way to develop our resources, when we rely on the basic materials we have.

I say that we should not go along with these promoters, Mr. Speaker, until the petro-chemical complex has been proven to be feasible. WE will be damned for generations to come if we spend \$155 million with a meager number of jobs such as that. No use pointing to coincidences, no use saying that people have been in consultation with us for the purpose of, with an idea of establishing petro-chemical plants. We would not expend \$1500 of our own funds, personally, on such a venture as this, unless we had appropriate assurances that that which was promised to follow would actually follow.

We should also, at the same time, before we consider spending this money we should be sure that the paper mill is feasible. We should be sure that the refinery itself is feasible. And this Hon. House has not adequate information upon which to judge whether or not the refinery itself is feasible.

We should know the actual cost of the refinery. And we should know the job ratios that are going to be spent for our money. Surely this is the only sensible way in which we can conduct any kind of reasonable, rational and sane industrial development in this Province. We cannot afford this huge amount of money for the small amount of jobs. Now as we look at this amendment Mr. Speaker, we, and you look at the principal Bill, because you have to look at both of them to see how one affects the other, and you see here a great large amount of concessions, which are being given again for the promoters - here again brought about by this principle of "Develop or Perish." This Government gives too much concessions Mr. Speaker. Earlier in the ARMCO agreement the concessions were relatively small. Then we came on to the Flintkote agreement where they were given, they were allowed not to pay their SSA Tax, under certain conditions. They would not be charged taxes by the municipalities. Then we came on the ERCO agreement. The ERCO agreement required for the subsidization of electrical power. And now we come unto this.

The danger in this type of negotiation, Mr. Speaker, the danger is that the Government goes from strength to weakness instead of from weakness to strength in its development. One promoter comes in and sees what the other got and wants that and much more. I am afraid that the apple, for the promoters, becomes rosier and rosier and their bites become bigger and bigger, so that Newfoundland is not only left with the core but merely with the stalk of the apple itself. And this is not the proper way in which to develop our resources.

As I say, the effect of this particular type of development is that it weakens our position. It makes us, it puts us in a very weak position for attracting sane, sensible industrial development, because whatever Newfoundland will gain has been taken out of it by the concessions that have been given. And this particular Act is the epitome of the concessions that

have been given. A hundred per cent on the building cost; 27.8 of the operating profits; 5.1 per cent of the gross profits on sale. What in Heavens Name is the next promoter that comes to this Province going to ask for, when he sees that particular Act on our Statutes Book? It is not even in the Act provided that Newfoundland Refining Company takes its cut of the gross sales, after the annual expenses had been paid, takes it off the top, it is absolutely utterly and completely ridiculous. The amendment has been announced as reducing and taking away the electrical subsidy. But this has not been so. There have been other concessions in the agreement itself. The concessions to the affect that, if the wharf, if the wharf which is built by the Government of Canada, may now be built by the Government of Canada after having put pressure on the Provincial Government, they may now agree to build the wharf, and if they do build the wharf it will cost them \$15 million. If the Government of Canada is foolish enough to pass it over, ^{it over,} If it passes/the rightful repository of the gift should be the Provincial Government.

Oh, no, we are not satisfied with that. The Shaheen Complex takes the wharf. This particular industrial development at Come by Chance may expand. They will have control of the wharf and the wharfing facilities itself and that is another concession itself. I cannot understand, I cannot conceive, Mr. Speaker, how this Government is made up of a great number of people who grew up in depression days. I was fortunate myself not to have known those particular times. But the paradox is that one would think that they would exercise more caution, much more caution in their negotiations with people. But this is not the fact. Instead it is give, give, give, and the Province get absolutely nothing in return.

This is a Government as we have seen, a Government by crisis, and it is now a Government by picket. We cannot, we cannot countenance this type of industrial development, these types of concessions. It is just too much.

Whatever we gain we lose. The risks of this project also, Mr. Speaker, are much too great for the returns which are expected. I consider this project from the point of view^{of} the refinery only, because it has not been proven. It has not been proven that a petrochemical plant can or a petrochemical complex can exist under this particular refinery. The people's confidence, I would submit, Mr. Speaker, has been shaken, has been shaken by the many announcements that have been made, from time to time, that everything was going ahead, and then it did not go ahead and it had to be changes here and changes there and changes everywhere.

The fact^{is} that this particular group of people cannot even pay the salaries of one of its prime workers and other workers as well, I understand. How in the Name of Heavens can we entrust them with \$155 million of our resources if they cannot pay the simple salaries which they are duty bound to pay? I am not convinced that this refinery is viable anyway? We were told once before, we were told when the paper mill was announced in 1967, that there was a great anhydrous ammonia complex that was going to be built in Come by Chance. And we are also told that there were contracts, I think it was even sixty per cent of the contracts for the sale of the produce had been signed. Yet we are told by Mr. White, when he appeared before this House, we are told that the anhydrous ammonia complex at this particular time is not now feasible. This switch, in three years, after having the assurance that everything was all right. I would submit that the suggestion by the hon. member for Burin is an admirable one; this House not approve this scheme, apart from the other items of, the other items with which we draw issue on it. But certainly we should have a letter from the Deputy-Minister of Justice, stating that there are the take-or-pay contracts that they contend there are. There have been conflicting statements about this refinery, over the years, and they have been wrong too many times. And it is far, far too much of a risk for this Province to take. Now that is the general comments that I wish to make.

On the amendment itself I want to point out and deal at some length with the items in the amendment. And I think the best way to deal with them Mr. Speaker, is talk about, first of all the way the Bill was represented when it was introduced, and what I see on reading the Bill as to actually what it is. Now we were told, when the Bill was introduced, first of all that the Government is to get five per cent of the gross profits off the top. This is the way it was represented.

Mr. Speaker, the Government, under this Bill, does not get five per cent of the gross profits. The Government, under this Bill, gets five per cent of the adjusted gross profits, which are defined, in the Act, as not including interest, not including the five point one per cent paid to Mr. Shaheen on the gross sales, not including the expenses of the company itself. As a contrast, in the other Bill, where the Shaheen interest, through Newfoundland Refinery, are to get five point one per cent of the gross sales, gross is defined in its normal usual manner. Mr. Shaheen gets five point one per cent off the top, and we get something between the gross profits and the net profits themselves. And it is completely and absolutely incorrect to say that we get five per cent of the gross profits. We certainly do not get five per cent of the gross profits as they are understood in normal business parlance.

We are also told that we would be paid ten million dollars at the end, for the shares. This is not correct. We are paid \$1800 for the shares. We are paid \$10 million subsequently after all of the financing has been repaid, if and when all the financing has been repaid, up to an amount of \$10 million on the net profits. Now this may or it may not be realized. We may get something and we may get nothing. One of the big things about this Act in the amendment is what protection do we have. What protection does the Province of Newfoundland have in this scheme: particularly at the time when the risk is highest? Particularly then when the first advances are

made, when they are fully advanced between construction and month thirty-six, when repayment is started. or month fifty-two, for that matter, after when we owe a lot of money. What is to prevent Newfoundland Refining Company from making millions upon millions of dollars, if this project is the success it is represented to be? In the first five or six years, say, the five point one per cent of the sales and the twenty-seven point eight per cent operating profit and then pulling out absolutely nothing, there is absolutely nothing to prevent Newfoundland Refining Company from pulling out of this project at that period of time.

How great, you ask, is this possibility? There is no sense talking about a pig in a poke, if there is not a real possibility of it happening. I cannot say that it is definitely going to happen. You cannot predict that with a certainty. But you can surely Mr. Speaker, look at the signs that are there and ask yourself; can it happen? If it can happen, we do not dare do it, the Government dare not do it, because it is the people's money and they should not be taking this risk.

Mr. Shaheen himself, Mr. Speaker, was quoted publicly as saying the whole thing (that in referring to the refinery) could amount to a billion dollar operation over the next ten years. Significantly, Mr. White, in Hansard, says, that within ten years old plants are going to have to be rebuilt, under the old system. Now, Mr. Speaker, with this statement of Mr. Shaheen's, that this could be a billion dollar proposition over a ten year period, that he could make a billion dollars in a ten year period, just consider what we have before us. Within this ten year period we are repaying a debt. During the period when we are repaying this debt there is a certain amount of obsolescence occurring in the refinery plant. Now the impression given is that these plants depreciate and depreciate at a very, very, very rapid rate. So they may well do in this particular instance. I would look upon those statements as indicating that what is to prevent, in ten years, eight years, seven years, or six years ^{they} coming to the Government and saying the

plant is now obsolete, we cannot operate it anymore. And in the meantime, pulling the profits from Newfoundland Refining Company that they have, the five point one per cent of the gross sales, and the twenty-seven point eight per cent of the operating fee and Heavens Knows what else they take out by way of expenses, pulling that from this dummy corporation into Shaheen Natural Resources, what is to prevent them from, I say, ⁱⁿ five or six years doing this? I would submit, Mr. Speaker, absolutely nothing. And this being the instance, I feel that this is enough in itself to prevent us taking this huge risk. Where is the performance found by Shaheen Natural Resources in this particular legislation? There is absolutely no performance found, there is no security of performance in it at all. Why, for instance, if the Bill must go through, why was not consideration possibly given? Instead of Shaheen taking the 5.1 off the top and the rest of his expenses, of having all of this money accumulate in Newfoundland Refining Company for a period of say eighteen months to two years, when it could be taken out of the Refining Company and then at all periods of time, Mr. Shaheen and his group, the shareholders in Newfoundland Refining Company, would have something in the company which they would not wish to lose. There certainly should be something done on that.

The \$10 million is absolutely nothing. This \$10 million that is supposed to be paid if means absolutely nothing. And if it is paid, in that even, if we do realize it, what does Shaheen Natural Resources get? They get a plant, whatever ^{the} market value will be at that time. It is going to have certainly a market value over the \$10 million. They are also going to have whatever surplus there remains in the operating company at the end of that time. The agreement, the principal agreement itself, provides that no dividends are to be payable. The expenses of Shaheen are paid, Shaheen Natural Resources but no dividends and (I am sorry) the expenses of the Newfoundland Refining, but no dividends are to be paid, so

MR. MARSHALL:

subsequently if this is a high profit-making venture, after all the expenses, in the enjoyment of the 27.8 per-cent of the operating cost to Newfoundland Refining over a period of time, I could reasonably predict that there would be a relative high surplus in the company itself and this surplus goes with the company itself. They have all of the directors, the fact that we now have four directors means nothing. Shaheen controls the whole situation and he gets the surplus in the company as well as the plant itself. So he stands to make a kit and caboodle out of this particular venture and it is something which we should not countenance here in the Legislature.

To talk about the payment, the saving of \$1. million a year on electrical power, to talk about that, what gain is that to the Province? It means that we do not spend more, we do not spend this \$15. million that we have given away. This particular amendment is maybe looked upon and we have to caution people from looking at this amendment as being better than the other because, after all, you gave them everything the last time and you have probably taken back a little tiny, tiny little iota, that may or may not count. I would suggest that the possibility is that Mr. Shaheen and his group can get out of this project within a ten year period and laugh all the way from here to the bank at the Government, as much and as heartily as they laugh at Imperial Oil and as they laughed at certain statements that were made by the hon. the member for Humber East on Friday last.

Now, Mr. Speaker, there are certain other points that I should like to bring up in connection with this. It has been represented that this Province will gain \$88. million, would have gained under the old agreement \$88. million from the yields to the Province, their share of the Federal income tax, SSA, gasoline tax and beer tax. Now I would say that this is very odd economic thinking. I would prefer to think that the \$155. million being utilized all throughout the Province itself generating anywhere from 8,000 to 15,000 jobs.

Then I would like to see the tables brought in for the gain to the Province itself. Then when we go on as five per-cent off the top, five per-cent, as I have already intimated of the gross profits have a much different definition to the Province of Newfoundland than it does to Mr. Shaheen. Mr. Shaheen gets

MR. MARSHALL:

his five point one per-cent before the Province gets anything.

The remark made by the hon. the Premier was very significant, on the cost of the power. It is represented that this power now will cost the Government of Newfoundland nothing. But in this Act, there is nothing in this amendment, absolutely nothing in this amendment which is going to bring this into effect. The Government is still responsible, After two point five mills per kilowatt hour has been paid, the Government is still responsible to pay the difference. Now I know we have a letter, The letter was tabled this morning, which I have not had the opportunity to see, But why, in Heaven's, do we have to have a letter from Canadian Caribbean Oil Company Limited, a company that is incorporated purportedly down in the Bahamas, **another one** of these companies with a small capitalization, 1,000 shares of one pound each? It could well be a shell company. If there are any undertakings being given to pay this electrical subsidy, the undertakings should certainly come from Shaheen Natural Resources Incorporated, which is the body that is ultimately going to benefit from this project if there is any benefit to be derived.

I was very interested in the remark that there has been a great escalation in the cost of the power, Certainly there has been a great escalation in the cost of the power as all costs have gone up. It makes one wonder what effect this escalation is going to have on other agreements that the Province has entered into, other agreements that this Government has entered into, in its frantic haste, probably well intentioned haste but certainly frantic haste, to bring industrial development to this Province. It is a case of give all and possibly get nothing.

Mr. Speaker, we would oppose and oppose vigorously, I will have other remarks to make when we come in committee on certain amendments to the Legislation itself, but, in conclusion, I would like to say that we would oppose this Legislation vigorously, I would oppose it vigorously, purely and simply, not because of any desire for little industrial development but purely and simply because \$155. million of our money, for a proveable amount of less than 450 jobs, is just more than this Province, which is already struggling under an enormous debt, can afford. As I say to the Government; this is another example, this

MR. MARSHALL:

is the most specific example of all of this Government playing Russian roulette with the future of generations yet to come in Newfoundland and I myself am delighted with the opportunity of being able to vote loud and clear against it.

Hindsight is often better than foresight but any person with any degree of foresight at all would not be prepared to risk their own money in a venture such as this and much less should they be willing to risk the public moneys of this Province, when the Province is labouring under such a great financial strain.

Thank you, Mr. Speaker.

MR. EARLE: Mr. Speaker, I do not have a great deal to offer in this particular debate. The technical details which have been covered very ably by my lawyer friends, in dealing with the clauses of the Act and the changes and so on, I think are better left in their hands because they are far more qualified than most of us in this House to deal with legal matters, being legal as such. But from a pure practical standpoint I think there is something that many of us can contribute to this debate.

I would like to say at the offset that the reason given at the moment for the haste of this project and the need of putting it through in this particular week was said to be because there is a danger of the interest rates in Great Britain being increased greatly in the near future. Now I happen to have been in Great Britain during the past few weeks and I was following the papers over there just as closely, I think, as any member of Government was, on this situation. As everybody knows Edward Heath was elected as the new conservative leader in Britain. The conservative Government came in, there was a great surprise and a great deal of delight, I might say, throughout Great Britain. It is rather surprising, incidentally as a sidelight, just mentioned, the sort of comment that you get in Great Britain at the present time. You could be in Baine Harbour, in Grand Le Pierre, in Belleoram and you get identical comments from the people of Newfoundland that I got in Great Britain, on the Governmental situation there until the change came about.

The people were fed up with the arrogant attitude of the Government of the day and the way they were ruling the roost and so on and there was reported

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to be a tone of complete dishonesty in public statements and when the victory came about practically everybody I spoke to in Great Britain said, "Well, thank heavens at least honesty and decency have prevailed at last in Great Britain." Now this is the sort of comment, if you are going around the Province of Newfoundland, that you are getting today. I hope that the winds this time will blow from the East to the West. Although I cannot claim any great credit for the victory in Great Britain, although I am told that I look somewhat like Edward Heath, I hope that the time will come when the same trend will take place in this Province because, in the light of what we are debating today, it must be obvious to anybody, who has the interest of Newfoundland at heart, that there is great need of a sensible, sane, careful approach to what we are doing in this Province.

I was rather amazed this morning to hear that in the horrible event that this project fails, if it should go down the drain, that after all the British Government is behind this, ECGD have backed the loans and ECGD know that they are protected because in the last essence they could take it over, if need be, and perhaps pass it over to their own British oil companies to run. Well, to me this is an unthinkable way to even consider approaching the establishment of an industry in this Province. In itself it fits a certain wavering faith in the whole project. The fact that there would ever come a day that Newfoundland would default on its moral obligations, whether they are legal or not but its moral obligations, and then depend on somebody in the old country, who had backed us to the extent of getting this thing going, to pull us out of the mire again, I think it is an unthinkable statement to make in this House and certainly, as my hon. friend, who just spoke, said that sort of statement would most definitely have very detrimental effect on any creditor of our Province or anybody who is dealing with us financially.

The trouble, I think, with this whole project stems from a great deal of suspicion on everybody's side, on the part particularly of us on this side of the House, because of the lack of information in spite of our attempts to get detailed information. Now this just did not start in this session of the House. There is a long background of suspicion and suspense over this whole

MR. FARLE:

thing. The unfortunate part about this whole project is that it has been of the nature of cloak and dagger operation right from the start. We were told that, if anybody offered any criticism whatsoever or sought any information, this would be revealing facts to the competition who are all ready to jump in and knife the Shaheen interest and that the thing would go down the drain and Newfoundland would be the loser. It has always been played on a high key of excitement, dramatics and complete unrealistic approach, from a business standpoint, to this thing.

I feel myself that, if this project were as good as it is supposed to be, that many or several of the major oil companies throughout the world would be looking at it very, very carefully, with an idea of coming in here. If the fantastic profits we hear of are in this thing, certainly there are business people enough in the world that are anxious to make a dollar and anxious to make a good deal, they would not shy away from us and they would not try to stop the thing just for the sake of stopping it. They would be in here, themselves trying to promote something similar and trying to get a good deal from the Government. So basically, it seems to me that, right from the very start there was "something rotten in Denmark." The thing just does not add up.

There are many major oil operators in this world, who are as anxious to promote industry in any part of the world, if they can make a dollar, WHY do we have to come down to this sort of cloak and dagger existence, in an effort to attract perhaps one of the smaller operators in the industry, but somebody on whom we have to take unreasonable and unreal chances, and then at the same time give away a tremendous, practically the whole profit, without Newfoundland gaining anything worthwhile on it?

On the point that the hon. the Premier made about the \$98. million and the \$174. million that Newfoundland would get out of this in thirty years, talk to any economist you like, when you start to try to figure into the future, on what the returns, the realistic returns from an industry will be, they will admit to complete disagreement. Economists have been known to disagree completely because it is in a sense crystal ball gazing. For instance, to take an example, supposing our best dreams about this materialize, supposing we get

MR. FARLE:

five petro-chemical plants with the oil refinery and the whole thing starts to build up into a tremendous industry, the net return -

MR. SMALLWOOD: Now the hon. gentleman is getting to be interesting. Go ahead.

MR. FARLE: The net return to the Newfoundland people will be great, it will mean a lot of jobs, it will be a wonderful earning but the only point that I am disputing is the net return to the Province in this \$188. or \$200. million or whatever it is, is completely false because as we develop and we hope to develop we will have to spend that money, of course, on creating an environment for these people. They are going to need -

MR. SMALLWOOD: Excuse me, if my hon. friend will allow me -

MR. FARLE: They are going to need all the facilities that go with it.

MR. SMALLWOOD: Now if my hon. friend will allow me, it has been netted out. Obviously it is no use giving a figure showing what cash is going to flow into the Treasury because a certain industry starts, if you do not net it out, if you do not deduct from the amount, coming into the Treasury, what it will cost the Treasury to do it in the way of streets, roads, curbs and gutters and housing and schools and hospitals and all the rest, You take the cost of that out and what is left is net, and the figure I have given is net.

MR. FARLE: I am sorry, Mr. Speaker, but I cannot accept that. I do not think it has been done and I am quite sure it cannot be done at this stage because how can you in any sense at all look ahead for a period of over five, ten or twenty years and depict what anything is going to cost, particularly when you get into something on this scale? You cannot do it today. Even the Shaheen people, with all their brains, they have not been able to predict, through the last two years, what this thing is going to cost. It has gone from \$87. million to \$97. million to \$103. million, \$110. million, \$130. million, \$155. million and when -

MR. SMALLWOOD: The price of oil, the price of bunker "C" went from \$1.75 to \$3.00 a barrel in the last two weeks, so that if the cost of the refinery goes up so does the income of the refinery go up.

MR. FARLE: Mr. Speaker, I have not yielded the floor. Actually in spite of all that, when these gentlemen were in the House and I ask a question and very

MR. EARLE:

searchingly tried to find out if there was any possible way in fact that this thing could escalate further, after a lot of evasion and a lot of avoiding of the issue they had to admit that there was that possibility. That is confirmed in what has been said here today, that an industry of this sort is subject to such great technological change over the years that, the way I see it, after the eight years of the original payoff on this thing Shaheen will be in the clear. He will have paid off his first mortgage, if it works, he will have a tremendous profit to boot out of this 5.1 per-cent on the gross sales, he will have all the other benefits, as are outlined in this contract, but Newfoundland might well find itself, at that stage, with a plant which ^{would} have to be remodeled and rebuilt or modernized completely. Then the excuse will be brought up; "Well, fine, the thing is going grand, it is making high profits, as you can see, but I am sorry, gentlemen, there is nothing for you in this because at this stage now, after these eight years, naturally things wear out and things change, so we have to rebuild this thing," or there will be and can be some excuse found that the Newfoundland Treasury may find, after having financed all of this over the years and kept the thing going, that there is not literally a cent coming back.

I think a very clear indication of some of the doubts of this thing, my hon. friend is not in the House now, the member for Burin, did mention when he took part in the debate, I think it was in April that the question of the site itself was under some doubt. Apparently he had some information on this and he said that the cost of removing bog would be a tremendous cost and is one of the factors that help make this project cost so much more. Well here again I think this is worn out. We now have a new plan presented to us, with a much larger area of land and it has been said it is more suitable land. Why was that not thought up before? Why was a certain amount of land given and then suddenly they wake up, when the thing is practically on the verge of starting, and say; "well, we better take in a whole lot more land because maybe we are going to need this." This sort of thing shows that there is very, very sketchy planning all the way along the line. The fact, that there has been some quibbling delay and so on over the building of the pier, would indicate, to anybody that reads between the lines, that surely somebody is asking some very

MR. EARLE:

direct questions. Neither the Federal Government nor anybody else is foolish enough to put \$16. million or \$18. million dollars into a pier, without knowing that this is going to be a good, viable, paying proposition.

MR. SMALLWOOD: They know that. They have studied the feasibility report.

MR. EARLE: But the reports that we are getting back and the publicity given to this thing would indicate that that matter is not by any means settled yet.

MR. SMALLWOOD: It is thoroughly settled.

MR. EARLE: Well, the Premier says it is settled but is it settled?

MR. SMALLWOOD: Yes it is.

MR. EARLE: We have seen so many things settled in this Province. This is the problem that I get going all around the country. The people are saying to me; "Look, we have seen so many things accomplished facts, we have seen so many things settled, we have seen so many sods turned and all that turns up under these sods is the worms and the wood. There is not an industry, it is the worms that we turn up and what is going on under the surface and then we do not get an industry." People are doubtful to every extreme on this whole project because they saw, for the first time in their lives, when these gentlemen were brought in this House, just how this House operates. I have been amazed again, in and throughout the Province, to find that that TV debate which took place last winter is still being talked about in every kitchen and living room and so on all over the Province. The people are amazed, as it is the first time they have seen how this House operates and they wish they could get more and more taste of it because Newfoundlanders are not fools. When they see questions that are not answered and are avoided their natural, careful instinct is aroused and they say there is something wrong in this thing. Now why can we be blamed on this side of the House? Being much closer to the thing and being the people who are asking the questions and are not being answered is why we express great suspicion.

I would like to say right off that because we are suspicious, because we are hesitant, I would think indicates that we are taking the right approach for Newfoundland. We are not, here on this side of the House, one bit interested

MR. EARLE:

in doing any fellow out of a job. Heavens, any of us who are in politics know that day by day our mail is full of requisitions and applications for jobs and we are doing our best to try to get fellows jobs all over the place, whether it be ten jobs or twenty jobs or 400 jobs or whatever it may be. We would be crazy as politicians if we did not vote for something that gave people jobs, but I do not want to be facing the people of Newfoundland in two or three years time who say; "You voted for something or you did not oppose something." It was built up as a great thing, and we were going to be "Hail Columbia", like the machine plant out in Octagon and all these sort of things that went on as time has gone by. This was all going to be, they did not know where to find the men that were going to f'ill the jobs, the shoe factory, the chocolate works and all this sort of stuff. This was going to give untold employment.

"Are you fool enough after all these years," the people would say to me, "to fall for something like that again without asking any questions." It is our duty, That is what we are put here for, to ask questions and find out if this thing is feasible, and this is what the people are expecting of us. I was told just recently that on the questions of the oil refinery I know nothing at all about the oil business, but I am told that tanker rates have gone up tremendously in recent months. Has anything been said to this House as to what effect that will have on this industry? Do we know that the thing is viable now with possibly tankers rates and freight rates going up? Some of these hugh, mammoth tankers and so on, we read in the press, are not proving to be the great and tremendous boom that they were supposed to be. Yet we hear perhaps that 250,000 ton ^{tankers} are coming into Placentia Bay and swinging around. What do we know about this? When we asked questions about this everything was turned to one side, Some fellow on the other side brought up the fact that out of all the by-products of this industry we could make nylon toothbrushes.

Everytime a sensible question was ask in that debate, there was a red herring of some sort drawn across the track, The people saw this and we saw this and that is why now, in July, when it comes up again, we are again asking questions and we feel that this whole project should be approached in a far more sensible sane manner than it is being. What I mean by that is this,

MR. EARLE:

that the Economic Department of the Government consists of very few people. They are not by any means experts in every field and unfortunately, when these boys start to work on things and somebody comes up with a good idea and it is examined and so on, if that does not appeal to the Premier, the ruling, well somebody has an open-line to him and talks to him directly and the whole thing is upset.

Now I admire the Premier for his incentive and courage in getting into all these things boots and all and keeping his finger right on the button. That is his job as Premier but I do think, at the same time, that when he has people advising him that, for his own sake and for his own protection, he should say; "All right, these fellows know as much about it as I do, I should take their advice and not interfere directly by going to the people who have an interest or an axe to grind in this particular project." He is far too apt to listen to the people who are going to get the profits out of this rather than the people who are trying to look at it from the interest of Newfoundland. This is where I think the whole economic program of this Province has fallen down. It is outrageous. Some fellow who is a prime contractor or some fellow who has a tremendous financial stake in this thing can ring up the Premier and sell him a bill of goods and then the whole thing is gone down the drain, all the examination and careful study of the thing is out the door because the Premier does not think it is a good idea.

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Mr. Earle.

I know that what I am saying is very, very true of one of the ablest gentleman we have here, in the person of Dennis Groom. The reason that gentleman is working in London today is because he just could not get the Premier's ear to listen to the things which were really vital to this Province. I saw telegrams coming in, when I was in that office there, from Ames and Company and other people, protesting that the interests of this Province were in its normal financing and the Shaheen people were beating on the door and trying all sorts of deals in New York and everything; upsetting every kind of apple cart. They had to be put in their place and the Premier, at the time, was in the Banana Belt somewhere. He rang up St. John's and Dennis Groom got blazes. Everybody else got blazes. This whole thing went far. No man who values his services or thinks he is any kind of person will work under that sort of condition.

This is ridiculous. There was a man who was faithfully trying to do his best for Newfoundland - a very intelligent and able person. But yet he had to put up with unwarranted criticism on the theme of his suggestions. I can well understand why he left this job. But this has been the story right through the Government. We must get or perish. We must produce jobs. How we get them does not matter too much. We must get them. Even if we got them and they stayed there, perhaps, all of this haste and hurry and impetuosity could be forgiven. But the big danger in this situation, which has been true in so many other situations, is the fact that we are led to a big build up. The jobs may be temporarily created but, if we do not watch the way we are going, the jobs may not last very long.

Mr. Earle.

Is it not more difficult for politicians of the future or for us as Newfoundlanders, who took part in this, to have to look at the people in years to come and say; "oh! sorry boys, we made a bad guess. We did our best, but we did not look into the thing carefully enough."

Now this, Mr. Speaker, is what the Opposition is talking about today and this is why, in a sense, we are playing the nigger in the wood pile. It is not that we do not want this project to go ahead. It is not that we do not want the 400 jobs but we do not see that 400 jobs are worth the guarantee of \$155 million. I was down in Fortune Bay over the weekend. Down in my district there, there were little things happening. The people are delighted because, last year, they were successful with herring, for instance, and in a couple of small settlements down there, by the fact that a private enterprise is going in there and spending a few dollars, packing a few herring and building a little plant and so on - put into these villages, perhaps, \$50,000 or \$100,000, which meant all the difference in the world for those places. The people are happy. They got good homes. They want to stay there and, as long as they can earn a decent living, they are happier than they will ever be. If they are moved to some resettlement place.

But why should we guarantee up to the extent of \$155 million, when it provides, possibly, 400 jobs. All around the coast of this Province, we can take place after place after place, where they are crying for something to do. We are better with a few hundred thousands dollars spend in the right way, with the right encouragement, but would not give 400 jobs but would give 5,000 jobs

around the country. This does not make sense to me at all. Think back in history a little bit. I am connected with industry, and with the fish business and so on in years gone by. Our own firm employed 400 people at times. We did not have one cent in the Government, never asked for it and never sought it. There are many people around the Island who did the same thing - employed hundreds upon hundreds of people in these primary industries. They did not come crying to the Government for loans. But were they not blasted off the face of the earth? Were they not the dirty merchants and the fellows who were crucifying the fishermen and all this kind of stuff? You remember the headlines of the past. All these rascals were squelching the people and all this kind of stuff. By Heavens, how much did we have to put up with. And yet some fellow comes in here and wants to be backed to the tune of \$155 million, he is the best fellow who ever hit Newfoundland.

The thing is so ridiculous, when you compare history with what is happening today. It is not funny. I was speaking to a chap in his kitchen in Bay L'Argent the other day. He said that he watched that television debate in the House last winter. He said, "you know it was a good show, as good as anyone of the shows that I have seen on this television. First of all I started to laugh. Then when I realized what was happening, I could have put a boot through the face of the television. I was so mad." People are not fools. I have repeated this before. People realize what is going on and it is the common people that we have to answer to, therefore, on an issue of this size and this magnitude.

If the Government meant what it said, it would have the courage to go to the people at this time and say: "look! do you want it or do you not want it?" We here on this side would like to see that issue trashed out, because there have been many, many small issues in

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the past which have sparked an election, many things of far less importance and far less reaching importance and far less reaching importance in many ways to Newfoundland than this \$155 million. But yet, at the moment, there is not the courage to go to the people and ask them what they think of it. Maybe you can say all the people do not know. It is the people's money. Whether they know or not, they have the right to say "yes" or "no." The people do not know yet and this side of the House does not know how that first \$5 million was spent. When I was in the position to ask some questions on the other side, that \$5 million which was advanced to the Shaheen group went into New York, went into their offices and was spent on vouchers which were sent to us. I was not satisfied with a single voucher that came forward, because there was no detail on it - just expenses - \$76,000, engineering expenses, \$80,000, etc. I would not sign the thing. I had to make this Provincial building people approval before I would sign it. Then I would only initial it, because I would not take the responsibility for a bill of that sort. There was no detail in it at all. There was nothing.

Now, when we ask for an audit on this thing, Mr. Groom sent the auditors off to New York. It was three or four months before they could get any sense at all in the offices. The people they were supposed to talk to, who were supposed to keep these accounts, either had been fired or left. The books were not kept up to date. There was no way of checking it. This was the last report I had on it. That is why I am insisting today that the people of Newfoundland should know if there has been a proper audit conducted on this first \$5 million. If so, what is the result? If the auditor is satisfied that that money is properly spent and will certify accounts to that effect, I, for one, would be satisfied. At the

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present stage, I am not. Why are we not and why are not the people of Newfoundland getting the answer on that \$5 million? \$5 million is not chicken feed. We could do an awful lot in sections of Newfoundland with \$5 million. I would like to know how that was spent. The people are entitled to know how that was spent. There is no Government that can rush all over the people and say, "it is just too bad. Boys, we spent \$5 million of your money, but you are not going to hear how it was spent. Believe us. We got the accounts. It is okay." We want better, more concrete evidence than that. That is what we are asking for in this House.

So, I think, Mr. Speaker, that we can talk for weeks. We can talk for months and it will not be just talk for the sake of delaying this project, because if it is sensible, if it is good, I for one would love to see it go ahead. It would do a tremendous amount of good for Newfoundland. But if it is not sensible, if it is not feasible and if it is just pours profits into the pockets of some promoters and brings, virtually, nothing back to Newfoundland, then we should go very, very carefully, before we jump.

Now it has been going on for nearly three years. It has been accomplished time after time again and then we find it is not there. We are in no different position than we were when this thing started. Mr. Shaheen could not raise the money to put into it. The Government have bent over backwards to assist him. He is still not in the position to raise the money and the fact that we have come back to the House with what pretended to be more advantageous terms to Newfoundland, (and they are in one respect only) and ask us to really go on the hook for the full thing, I think it is beyond the credibility of the people of Newfoundland. Just to conclude what I am saying, Mr. Speaker, that on an issue of this sort, any members of Government on the other side and any on this side who are going to face the electorate in the future and most of us will want to face the electorate

Mr. Earle.

They will say, "where did you stand on this particular issue? Did you vote for it or did you vote against it?" I would not want to be one of those, with the petty information that we have at the present time and the lack of information, in fact, to go out and face my people and say: "look, I accept it as it is at the present time." I would expect them to say; "you are crazy. It is our money we are spending.

AN HON. MEMBER: You vote against it and we will vote for it.

MR. EARLE: I will vote against it at this time because of lack of information. I am very close to the hon. gentleman who is making faces at me at the moment. I will stand back to back with him in that area down there. We will see how it works out.

AN HON. MEMBER: It is only recently that you have been down there with me. It had been in the last year or so.

MR. EARLE: Ah! hah! Ho! Ho! When they saw me they got some action. When they saw me they got some attention. They did not see somebody down there who just drifted from place to place. Ask the people - I am not worried about that. Let us hope we have the opportunity to ask them before very long. They will be the ones who will ^{give} the correct answer on this one. Now if the hon. gentleman knows his colleagues are so confident, why do they hesitate on this thing? What do they fear? Let us have an election tomorrow. Let us have an election as soon as it can be called.

MR. CROSBIE: Three weeks from tomorrow.

MR. EARLE: We go out and face the country on this particular issue. There is \$155 million of the country's credit involved. Come on, let us have it. Let us ask the people.

MR. BARBOUR: I am not afraid.

MR. EARLE: I know you are not afraid. We have one gentleman over there who is not afraid. What about the rest of you?

Mr. Earle.

Come on what about the rest of you?

MR. BARBOUR: I know the answer.

MR. EARLE: I know the answer, too.

MR. BARBOUR: The mandate will be strongly supporting the Come-by-Chance Refinery.

MR. CROSBIE: Try it. Try it and see.

MR. EARLE: Maybe, let us try it.

MR. CROSBIE: The hon. gentleman's opinion does not..

MR. SPEAKER: Order please!

MR. EARLE: Mr. Speaker, I am sorry. I cannot control the interruptions. But, you know, one of the unfortunate things which has happened in Newfoundland over recent years - I am delighted to see Baron de Rothschild here this afternoon, because I am sure - I feel confident that if you could get into private conversation with him, as a businessman, and with many other people who have been involved in Newfoundland in a business way, if you could talk with them privately and get their really frank summarization of the condition in this Province, they would say; "look, gentleman, we would have been to off, the races long ago if politics had not entered into this."

The Churchill Falls project, itself, would have cost many millions upon millions less, if politics on both sides had not been building up - here we are again doing the same thing, crisis on refineries; a period of crisis on everything. For Heaven's sake let us get down, sensibly, to running the country - not on crisis - not on announcements but on accomplishment. Thank you!

MR. MURPHY: Mr. Speaker, it is not my wish to delay too long the proceedings on this very important piece of legislation. Possibly,

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I could go back and rehash many of the things that have been said, but it is not my attention to do so. I have listened with very great attention to what the previous speakers have said and how they analyze this Act - bringing in amendments. Four of these were four of the Provinces outstanding lawyers, three of whom took part in the original deal - the Bill that was passed a few years ago. I was rather amazed at some of the revelations we have heard, which did not disclose any Cabinet secrets. For example, when they spoke about how difficult it was to negotiate any deal with Shaheen Natural Resources and from what I gather, a negotiating team was there on one side and apparently the Premier and some other members of Cabinet were apparently all for Mr. Shaheen and his interests - not forgetting, of course, that Newfoundland was getting this development. But they, simply seemed to say; "look, we negotiated this. Do not let us rock the boat now. We will not get it unless we do this or do that or do something else."

Now, Mr. Speaker, I have no legal training as such, but I have sat in this seat here for some eight years. When this Bill was originally brought before the House, together with three of my colleagues. I opposed the Bill right from the start. The hon. member for St. John's West said today, unfortunately, he did not oppose the original. They did oppose \$5 million bridge financing. But I opposed it. I voted against it at the time, together, as I say, with the other three members of the official Opposition. Because, in our opinion, at that time, and our minds have not changed or our thoughts have not changed since that time, that it was the greatest give-away program, not only in the history of Newfoundland but all of Canada. Here we were, forty-one members of this House,

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taking it up on themselves to pledge a massive, huge amount of money of our people's money in return for what? A few piddling jobs and several castles in the air. We are no further ahead today than we were two years ago, in my opinion, with any of these castles in the air. In view of the great - I was going to say question and answer period we had in this House, but I will leave out the answer - the great question period we had in this House a few short weeks ago, I am sure, Mr. Speaker, we are not hurting the feelings of any Newfoundlander by voting against this piece of legislation.

I believe, quite honestly, quite frankly, that the day of the great magician, waving his wand, over the people of this Province has long since passed. That is why, Mr. Speaker, our party has taken the position; let the people of the Province decide. It has been said many times, repeated over and over, that there were elections called on many so-called vital, critical issues, ^{less} than we have to face in this House at the present moment.

Mr. Speaker, I try to look at things as objectively, ^{to} as I can. I try to analyze, the best of my ability, with what little God given brains I have, to try to honestly face the facts and the figures that are available to me.

When this Come-by-Chance deal was mooted, as I say, we studied it to the best of our ability, the legality, the legal phrases so on and so forth and, in our opinion, the return for selling ourselves into bondage for so many years, our credit was not at all ample. The return was not what we figured should be the return for such risks and such investments that our people with their hard-earned dollars, so heavily taxed dollars, were obliged to make. I tried to look at what has been the impact, Mr. Speaker, since this project has come into being, and I have been amazed, as a matter of fact, shocked as the political implications that have taken place in the few short years. When we came here to this House of Assembly, as I say, a few weeks ago, I was amazed at the personnel, the local

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personnel that were part of this Come-by-Chance deal and the salaries, as reported, these people are getting astounded me, who, in my opinion, do, if not nothing, well next to nothing. When I heard the statement this morning, and I know my name will be McCarthy after I say this and not Murphy - when I heard the statement this morning by the member for St. John's West - I had to get it clear in my mind that a member of this hon. House whom I presume, will be asked to vote or has had the privilege to vote already on this deal, sat across the table from the Government negotiators, a lawyer, working for the promoters of this scheme.

Now I am not the lawyer. I have no legal talents, but I do not know what the legal fraternity would think of this. We have a firm representing the people that we are negotiating with for \$155 million - a firm that I understand - I heard another name mentioned, Mr. Donald Dawe, who is also on this negotiating team, who is a member for the firm of which our Minister of Justice is the senior partner.

Now I say this, whether the implication, the effects are good or bad, I do not know. I do not know whether a conflict of interest would exist in this case. But I was astounded - astounded - shocked. Today, when I heard these facts, what other members of this House, what other members of this Government are connected in anyway with this great outfit that we are negotiating with? How many? Has it any effect, Mr. Speaker, on what negotiations are being carried on? To me, as I say, as an individual, I think, as an ordinary, common garden variety Newfoundlander who would look at this thing, I do not think it would impress me too greatly as to the proper which means, are being taken to negotiate this agreement.

Is there any other member, I ask, in anyway connected with this? No other member in this House? I was astounded a few weeks

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ago, when I was sent this from one of our outports. A copy of a charge and a credit card charged to one of the hon. members of this House on behalf of Newfoundland Pulp and Chemical Company Ltd., for gas for his car.

Now, Mr. Speaker, as I say, we are trying to discuss something in this hon. House. We may be scoffed at on this side. We may be called traitors, quizlings or what have you. But let every hon. member of this House consider the impact and the implications, when this legislation is passed. Perhaps, we are foolish to vote against the amendment. We may be foolish. We may be crazy. There may be a ten, twenty or fifty dollar bill come to us that did not come under the original agreement.

But, Mr. Speaker, we are not satisfied. We feel quite sincerely, quite honestly, and we have said it in public, and we have said it in private, and we will keep saying it, that if we could extend the same amount of credit to other areas of this Province to cultivate, promote and assist our local industries, I am sure there is not one member of this hon. House today, representing any district, whether it be a fishing district, a lumbering district, a farming area, what have you, who would not like to see a few extra thousand dollars go into their area to give to some small businessman to employ five, ten, fifteen or twenty people. We have heard them on the floor of this House, Mr. Speaker, with petitions requesting a little road here to get into cut timber and a little so and so here for something else and why now? Why now get up? Why not get up during this debate and let us tell the facts about what they feel should be done with the few dollars here and there?

Mr. Murphy.

Mr. Speaker, for too long, we have had Government by impulse. Not long ago, and I think the matter was brought up in this hon. House today, where I heard a statement about certain people, in a certain town, in a certain area, certain district, were not getting something that they figured they should have gotten and one of the ministers says we found \$250,000. We will do this. Mr. Speaker, \$165 million Mr. Speaker, is an awful lot of cash, an awful lot of money for the return that we are getting from it with no guarantee of any sort.

We stood here for two days on the floor of this hon. Chamber. We addressed questions to a group of men who were here

MR. MURPHY: What answers did we get? We were told that feasibility studies had been done. There was another group came in and did a feasibility study on the feasibility study. Even today we do not know what interest rates are being charged on one-third of forty percent of this money. We know on the \$120 million, we know it is five and a-half percent. Now we are trying to be stampeded into saying, if we do not get this through before next Monday or the Monday after, the deal is off.

MR. SMALLWOOD: Nobody said that.

MR. MURPHY: It may be -

MR. SMALLWOOD: No one said that.

MR. MURPHY: The impression is being left all throughout this Province that this is sold, and it may be the greatest blessing next to Confederation that descended on this Province that the deal would be washed out. Because, Mr. Speaker, I bet now that if a plebiscite, an election where called on this issue, not ten percent of our people would support it, in view of what they have seen, what they have heard, and what information is being made available to them.

The challenge has been issued. As I said, we had an election practically every three months, some years back, on this great future development, a great this, a great that, a great something else. Now because the hon. the Premier, who not only heads the Government, but; in my opinion, runs it almost entirely, if I am again to believe the stories and I have no reason to doubt what these hon. ministers have said in negotiations, because the hon. Premier knows in his heart and soul, as well as we do, that the people of Newfoundland are not - are not in favour of pledging \$165 million of our credit to anybody at this present time. There are too many other needs in this Province, where we could use this.

We talk about austerity, we talk about tight money - let us talk about what we wish. But, Mr. Speaker, I say now, I say now the vote is

MR. MURPHY: taken, we know what the answer will be, the number on that side against the number on this side. But this is not the convincing argument to me. The convincing argument is the vote should be taken outside this Chamber, right across this Province. Give this Government a mandate.

I listened to the various conversations taking place between London, Paris, what have you, with the Premier and the last day, I think, he was announcing the arrival the next morning of the tremendous deal that had been negotiated. I expected to see the Queen at the airport to pin the Victoria Cross on this great negotiating team that had brought such a deal to this Province.

Mr. Speaker, I believe quite honestly, I am quite convinced, as I have said and I will continue to say, that this thing now has gone beyond the stage of being voted on right here in this Chamber. The Premier, in introducing this Bill said, Bill No. 86 that we passed in this House, that this House of Assembly passed, which it did and we will hear next week where this Bill No. 94, (is that the Bill we are discussing or whatever the number is) has been passed by the House of Assembly. There will not be one word, one word about the various arguments that have been advanced toward or against the passing of this Bill, that once the House of Assembly passes it, it is passed, the House of Assembly endorsed it.

Mr. Speaker, I feel that we can do better than this for our people. I think, we can get a better deal for our people. At least the hon. member for St. John's West tried to introduce an Amendment today, which was not accepted. It has been a legal Amendment. I think it was very practical, a very sound Amendment. I would like to see - I am from Missouri - before I vote for something I would like to know what I am voting for. We have heard of contract sales agreements, feasibility studies, as I say, and then we had this Jacob's report on the other feasibility studies. We have been told now, and I am repeating possibility something that has been said before, we have been told now that many of the things we have debated and asked

MR. MURPHY: questions on a few weeks ago had already been negotiated. The Premier has stated that at a meeting, in the Liberal Common Room, all these facts were made known to all members of the House. I was asked about this and I said quite honestly, I had to admit hearing something. We had a meeting in the Liberal Common Room to say farewell or good-bye to the Minister of Fisheries. I think pretty well every member who was in the House at the time attended, a great majority of the members were there. It went on like every other function does, where Newfoundlanders typically at a cocktail party or something, you sort of segregate and get to little groups, and congregate in this corner, where somebody is talking about the price of fish, and someone is saying the flippers are good this year etc. In the meanwhile, I think, the Premier was in the middle of the floor talking with some members, discussing certain things. But, I think, towards the end of it that, I would call it an exasperation meeting, because here the guest of Honour, who was the Minister of Fisheries, a distinguished gentleman, was just there sitting down in the corner, chatting with a few of us and wondering when the time is going to come, that he could say a few words. So, I think, it went well into 8 o'clock in the evening by the time we got around to the business in hand. Well, if that was the formal briefing of the members of this House, I am awfully sorry that I did not pay more attention at the time to the Premier's few words.

As far as profits are concerned, I think, I would settle for the same deal, as Mr. Shaheen did in his very charitable way. He only wants five percent of the gross sales. This has all been said and I will not go through it again. I think the people of this Province now, through the kindness of the media - press, radio, T.V., are getting the facts out, the actual facts, where we try to read between the lines and try to condense some of the great statements we hear over our favourite program in the mornings. I hope they get the facts. Mr. Shaheen's company will get five percent of the sales, As we said; people have had a million dollar

MR. MURPHY: sales, still at the end of the year they cleared no dividends, they lost money. I would like to get my five percent - what the old song used to say, "Just a little bit off the top, rather than being in between or on the bottom."

A nice deal, nice work if you can get it. But do not let us be stampeded into feeling guilty, Anybody who feels or has that feeling that they are guilty they are depriving Newfoundland of something. Mr. Speaker, God for give me, if I thought that ^{by} voting against this I am depriving any Newfoundlander of anything, I do not think I am. I think I am being fair to every Newfoundlander in this Province. That is right from the bottom of my heart, and I think there is lots more we can do at this time,

AN HON. MEMBER: Inaudible.

MR. MURPHY: The Province at the present time -

MR. CANNING: Inaudible.

MR. MURPHY: It is nice to hear from the hon. the member for Placentia West. I think if he spoke a little louder, we might get him on the tape and his constituents might know that he is saying a few words.

MR. CANNING: Inaudible.

MR. MURPHY: I have had a lot of predecessors. A lot. I am proud of the whole lot of them, who stood here and took the ridicule and everything else.

Let me struggle through with this - the brains are right behind you.

MR. ROBERTS: The hon. gentleman's brains are right behind him too. That should touch it off.

MR. MURPHY: Yes, Mr. Speaker.

MR. SMALLWOOD: Do not pay any attention - do not pay any attention - these young fellows do not pay any attention.

MR. MURPHY: I will bring over the washcloth and dry behind their ears, Mr. Premier, very shortly.

MR. SMALLWOOD: Right! Right! I will help.

MR. MURPHY: It is all right, Mr. Speaker, when we hear statements - we have faith in this, and we have faith in that, we have faith in something else. A far bigger man than any of us made the statement and that was St. Paul that said, "Faith without good works is dead." I do not see any good works in this Bill.

MR. STRICKLAND: The word "good" is not there. The title is "without works, not good works."

MR. MURPHY: I am using "good." I am improving on what St. Paul said, because St. Paul did not have to deal with the outfit we are dealing with at this time.

MR. ROBERTS: The hon. gentleman's speech is getting better.

MR. MURPHY: My constituent better be careful -

MR. ROBERTS: Do not lose your temper now, Sir.

MR. MURPHY: I never lose my temper, I always keep it with me.

Yes, Mr. Speaker, this will come to a vote, and I would take on about five to one that would be upheld on the other side. After my age here, and after the twenty years that I followed the proceedings of the hon. House and read answers and so on and so forth that I have read, and with the knowledge that I have gained from the past few years, when certain of these hon. members - distinguished Newfoundlanders who left the other side came over here, or over there, or over there - they were traitors. But, as I said earlier Mr. Speaker, I do not feel a bit of traitor in me to vote against this Amendment. And I certainly hope -

MR. NEARY: The hon. gentleman was not elected as a ^{Liberal} member but they were.

MR. MURPHY: Elected as a Liberal? God forgive me.

MR. COLLINS: What is sacred about that?

MR. MURPHY: There is nothing sacred about that. The hon. minister was elected as a Liberal after three other parties, I think.

MR. CROSBIE: Does the hon. minister want to run in St. John's West, if I

MR. CROSBIE: offer to resign today, we will have a by-election in St. John's West on the Come-by-Chance Agreement. If the hon. minister wants to run against me, as a Liberal I will welcome him, or as anything else.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: We will see what the electorate thinks of Come-by-Chance and Liberals.

AN HON. MEMBER: Inaudible.

MR. CROSBIE: I will, if the hon. the Premier agrees that there will be a by-election, go ahead tomorrow.

MR. SMALLWOOD: I do not mind if the hon. gentleman resigns. I have no objection.

MR. CROSBIE: Will he agree to a by-election in three weeks to put Come-by-Chance to the test.

MR. SPEAKER: Order, please!

MR. CROSBIE: We will see who is Liberal and who is not. A Liberal does not mean to be irresponsible.

MR. MURPHY: I think that is wet on his cheek.

MR. ROBERTS: Inaudible.

MR. CROSBIE: Thanks Leader.

MR. SMALLWOOD: Let us not only bet on him, we will vote for him.

MR. MURPHY: If there are any vacancies at Hogan's Pond let me know. I would like to join the heroes.

MR. CROSBIE: The hon. Leader is a constituent of mind, he lives in St. John's West.

MR. SMALLWOOD: He will vote for him.

MR. ROBERTS: Inaudible.

MR. CROSBIE: I am looking up better employment for him.

MR. MURPHY: Now quite seriously, Mr. Speaker, usually when we get to issues that might get across and I might get my name in the papers, as having said it, you notice what happens on the other side, they try to

MR. MURPHY: draw away from my great thought. It says the Speaker reaches a certain point. and then the Premier interjects and says this, and Mr. so and so interjects and says this, and all my wonderful speech is gone from me.

MR. SMALLWOOD: The hon. gentleman should be - I never interrupted him. I have never said a word.

MR. MURPHY: I wish to thank the hon. Premier for his courtesy. I think, he is a gentleman.

MR. SPEAKER: Order, please! It is five o'clock on Monday afternoon, will you move along.

MR. MURPHY: Do we adjourn at five o'clock?

MR. SPEAKER: Will you move along.

MR. MURPHY: We are doing a great job.

There is not too much else I can add, Mr. Speaker, to this. I do not think there is anybody, as far as I understand, going to engage in second reading from the other side. I do not know if there is anybody else on this side, but we are anxious to get on with the business of the House. We have been blamed for obstruction on many occasions, because you like to get up and say a few words, express your thoughts. But, I think, quite honestly, that we express in our own individual thoughts of just how we feel about it. And possibly there was always a bit of a wit around areas, Mr. Speaker. Perhaps I might tell this one; only yesterday I met a chap on the street and he quoted to me a very famous saying, "Up the line with Jackman and Greene, and down the drain with John Shaheen."

Now I do not know what implication it had, but I think he had been listening to the news about all this goings-on that have been happening in here. I think there are people who hear what happens and take an interest in it. And particularly in recent months, I think, we went on T.V., I think that should get an Oscar or something for this year. I think it was an outstanding show. And, I do not know if it is possible, we might get them back when this Bill goes into Committee, which I think would be quite a

MR. ROBERTS: An "Emmy" Award.

MR. MURPHY: Emmy is it? If we get them back in committee, I think it would rather be enlightening.

I was going to refer to a great talk we had. It was rather perhaps the most exciting part of our T.V. debate, I know it was very dramatic, where the Premier and Captain Wallis, remember, trying to wharf that big ship into Placentia Bay and trying to get her into the pier. And now Captain Wallis is gone, we will have to get a new coast there for the Premier when they go to moor that big ship. The poor fellow -

MR. NEARY: The captain of the John Guy.

MR. MURPHY: He was working there for nothing, apparently Shaheen Natural Resources thought he had donated his services, but he had a different impression, he had to get out. He had to feed his wife and family; he said. I think it was quite interesting, but I think it is the general impression or a general projection, just what we are dealing with when we talk of millions and millions of dollars, and what the situation is and what the situation is going to be, as far as Come-by-Chance is concerned. As I say, there is no doubt in the world it is going to pass through this House. When it does pass through the House, all of us can fairly hope that it will be the success that has been forecast for it, but we are perhaps a little dubious that Newfoundland is taking all the risks, putting up all the money, will not get anything like the fair return for the risk we are taking. That is why, Mr. Speaker, I hope that when we get into committee, when we come into various sections of this Bill that we can move amendments with reference to sharing of profits, sharing of expenses and so on and so forth.

Apparently we could not do it today, I was rather amazed that the Amendment was not accepted, but it is the ruling of the House, the ruling of the Speaker, so we just settled for that. Look, when it is going through the committee stage, we will ask what questions we feel we want answered and we have been assured that two outstanding young hon. gentleman on the other side will supply us with all the information we need. And I think that they will. They may not satisfy as to the

MR. MURPHY: terms, but I think they will give answers that they know about in negotiating the Bill. And, I think, when we get into committee it should be ^avery informative and interesting session.

So, I can only say now, Mr. Speaker, in conclusion, ^{that} as a member of this hon. House and as one who when I entered the House promised not only my own people but the people of Newfoundland ^{that} I would stand up and fight for what I thought would be in the best interest of the Province, and I guess every member did the same thing. And we can only go according to our own thoughts and our own conscience and ^{what}our own intelligence leads us to go by. I feel, Mr. Speaker, quite frankly, ^{that} I must vote against this Bill that is now before us and I certainly ^{think} ^athat, if we can make some amendments in committee stage that we can all go out of here with these amendments made and say that we passed the Bill that, ⁱⁿ the opinion of all of us, will be to the better interest and the best interests of all our Newfoundland people.

MR. SPEAKER: Is the House ready for the question on second reading?

MR. T. HICKEY: Mr. Speaker, just a couple of questions, Sir, I would like to raise. The main purpose of my speaking at this point is to register my own protest against this project at this point. Inasmuch as on a number of occasions I had the opportunity to speak in this hon. House and that any time this project was being debated I indicated that I supported it in principal, while disagreeing with certain aspects of it, but in principal I supported the project, inasmuch as we were told it was the best possible deal that could be acquired for the Province. And, as in any development which is going to provide jobs for our people, one has to do a lot of thinking before they oppose any such projects.

Well, Mr. Speaker, there is I suppose such a thing as being rubbed just a little too much. And I would just like to have it on the record that, at this point in time, I cannot support this project any longer because I have been led astray, as one member of this hon. House, I do not know about any of the other hon. gentlemen here, but, repeatedly, I personally

MR. HICKEY: raised points with regards to this project and I was told quite clearly that this is the best possible deal we could get for Newfoundland. If we forced or pushed or insisted on any better deal we would frighten the promoters away, we would drive them away. They would go somewhere else.

Well, Mr. Speaker, with all the controversay that has taken place about this project and with everything that we have given to Mr. Shaheen and company, I would like to know where else he would go? I would like to know, Sir, where we would frighten him? He could not possibly hope to go elsewhere, if he got half the deal that he has even today.

While Mr. Shaheen and his friends where here in this hon. House, we all know what a fiasco it was. We all know the answers we got to pertinent questions. Not questions that were dreamed up by some members of this House but questions which were very serious and very much in the minds of a great number of our people. We all know the answers we got. I make no apology, Sir, when I say that we were blocked, from the minute those gentlemen walked into this House, until they left. And it is with regret that I say today that this Government is an accomplice to this, because they permitted it. Why on a number of occasions there were questions raised, by hon. members on this side of the House, that were completely ignored. Some kind of a ridiculous answer—"that is competitive information." The same question, being properly phrased, with the green light been given by some gentleman on the other side of the House, brought a long drawn out answer. If this is honesty, Sir, then I need to be, it needs to be all explained all over to me, for I certainly have not the slightest motion of what the word means.

MR. HICKEY: I can only say that now we are back here, being asked to approve those amendments, and a lot of the information we were given during the visit of those gentlemen was dishonest. The matter of subsidy of power was raised, on a number of occasions it was raised and we could not get any information - little or no information.

Before the House opened, we were informed that there had been a change in the subsidy of power. We are now going to save a million dollars or there about. Now Mr. Speaker, there is no need for me to go into any details, it has been stated by other hon. members on this side - we are going to save nothing. We are going to save nothing. We have given Mr. Shaheen and his group again still another concession. We are giving him a market for the amount of oil that it will take to make up for the amount of the subsidy and really, on paper, it is nothing. To make a public statement of it, to twist it around, in some way it is a great thing, very thought-provoking, still another good deal for Newfoundland,

Mr. Speaker, I do not know who we think we are kidding. We are not dealing with the Newfoundland that we dealt with in '49. A lot of things have happened since then. We are not dealing with the people we dealt with five years - ten years ago. People are much more interested in politics and what goes on around them today. They are very much a part of what goes on around them today.

If any hon. gentleman in this House feels that outside this Chamber a great majority of our people know little about the Come by Chance project, they are right. They know little about it, when it comes to detailed information, because we could not get the answers. But Mr. Speaker, if any hon. gentleman in this House thinks that the people of Newfoundland have not a clue as to what kind of a deal Mr. Shaheen has, then they are sadly mistaken, sadly mistaken.

I would submit Sir, that one could go to some of the most remote parts of this Province and Mr. Shaheen would possibly be known as one of the greatest salesmen that ever set foot on this rock, because of the deal that he has worked for himself and his company. One wonders when we hear so much about agreements - and the answers to a number of questions raised while Mr. Shaheen and his friends were here, when he very sarcastically answered " I am going to follow law 86."

Did he think he was fooling the people of Newfoundland by answering in that way, law 86? Is that what he thought, I wonder? Law 86, or any other law, or any other part of law 86, such as any agreement do not mean too much, there is always a way around it. They say laws are made to be broken, we have seen a sample of it Mr. Speaker right here, so far as this particular project is concerned. Clause 8, of the Sale of Agency Agreement, for example, states quite emphatically that, if Mr. Shaheen, through his company, fails to raise or fails to live up to any of the commitments that he has made in those agreements, then the Sale of Agency Agreement is void.

Mr. Speaker, Mr. Shaheen has failed to raise this \$30 million. That is no small clause or small section of this agreement. As one would say, "that is not hay," \$30 million. But, on the other hand, to someone who is promoting a project to the value of \$155 million, \$30 million would be a drop in the bucket, especially to people who have such great faith in this project, in its viability, in its future, yet unable to raise this amount of money. It is under this agreement Mr. Speaker, that Mr. Shaheen gets approximately five percent of the gross sales. Is it not normal now, if we are going to live up to what is in this agreement, that Mr. Shaheen should now have to come back and negotiate all over again? Is not this agreement now void? Is not this five percent out of the question? He has not lived up to his commitments, so where does the five percent come from? Are we conveniently forgetting the fact that we are here, the very fact that we are here is because he is unable to live up to his part of the bargain.

Mr. Speaker, is this an indication of how he will stick by the agreements in the future? God knows we have given enough. We are not even going to stick by the agreements now and what will be next? It makes one wonder, Sir, it makes one wonder, when we hear people talking about \$165 million - \$155 and the \$10 million that Mr. Shaheen has supposedly put into the project, This kind of loan, this kind of guarantee loan, or whatever way one would want to put it, to make this kind of money available within the Province and to develop some of the basic industries we have or to provide some of the essential services

that we so badly lack in certain areas, no better case in point would be than the area of Placentia and Argentia of which we are hearing so much about. No better example, and it borders on the ridiculous for anyone to suggest, we are taking care of the Placentia area, this project is going to take care of that area. We have heard that said recently.

We are not kidding anyone, Mr. Speaker, when we say that. An expenditure of \$155 million, we are talking about approximately 400 to 450 jobs. What about Come by Chance and Sunnyside and the general area? Are we not going to hire any of those people at all?

AN HON. MEMBER: You bet your bottom dollar.

MR. HICKEY: 450 jobs will not solve the problem in Placentia alone, much less the area surrounding the site of this project. So, Mr. Speaker, it can only be said that this kind of guarantee, this kind of money, this kind of borrowing can certainly be put to better use than a project which is going to give us approximately 400 to 450 jobs. I might say, Sir, I never have any difficulty in taking a stand on any particular issue, whether it be different from that of my colleagues even, if I believe deep down in my heart that something is good, I feel duty bound to vote for it. I supported this project, but I can certainly say that under no circumstances can I support it today. I will risk being called anything. If every hon. gentleman in this House today were to support this project I would have to vote against it because I am not convinced, at all now, that we cannot still get a much better deal for this province than the one we have. The one we have today is supposed to be so much better than the one we had a few months ago.

Mr. Speaker, while one talks on occasion about not having confidence in the Government, not having faith in the Government or not trusting the Government, basically, I would say, every hon. gentleman on this side some time or other takes the word of a minister on the other side, or the Premier, or the Government, has some faith in that Government, has some confidence in that Government, believes that they are doing the best they can, and this was my case. I believed that after repeatedly asking, cannot we get a better deal? He answered "no." One usually believes that, but not any more. Hon. gentlemen on the other

side could now get down on their knees, produce what they like, and they would never convince me that we cannot get a better deal than even the one we have. It has been proven, if Mr. Shaheen had been pushed a little bit in the beginning we would have a better deal. If this Government had said to Mr. Shaheen, 'if you want gifts go west, go somewhere else, we are not Santa Clause.' If we had said that there might well still be an oil refinery at Come by Chance, but not at a cost to the people of Newfoundland as is the case today. But we did not say that, we did not say that.

I have to raise the question then, in view of this, because I cannot say that any hon. gentleman, the Premier included, is not loyal, does not have some loyalty to Newfoundland, I could not make that charge, it would not be fair. I have to say that they are apparently blinded in some way or other, or see great benefits politically in going along with the deal for the sake of a deal. An industry for the sake of an industry! "We will be gone five years from now, the heck with it, today it looks good." Is this the attitude.

Mr. Speaker, in conclusion let me just say, I indicated to Mr. Shaheen and his friends, when they were here, that they had done the best job of managing the news that I have ever witnessed. The best job of bluff! I repeat that today with all the sincerity at my command. I will say something further, and I hope I am wrong for the sake of Newfoundland and Newfoundlanders, I hope I am wrong. It could matter less that I be wrong. If there is not a petro-chemical complex at Come by Chance, and I hope there is, that will make me wrong, I sincerely hope there is, if there is not Mr. Shaheen's name will be mud in this Province within ten years, mud, and whoever has been associated with him . whoever can be considered an accomplice to this project, to letting this project go ahead, would be classed in the same category. That is unfortunate, Mr. Speaker, that is pretty unfortunate because there have been some good things done by this Government, and I have been the first one to say so. To say that we have thrown everything we have to this man and his friends just borders on the ridiculous. I do not imagine that there are any experts in oil refineries on this side, but on the other hand Mr. Speaker, we are not dumb.

For this reason Sir, I have no choice but to vote against this project.

MR. BURCESS: Mr. Speaker, first of all let me say that I would like to compliment some of the previous speakers, particularly the legal eagles of the group who were involved in the drafting of this agreement, for the clear-cut way in which they elaborated and outlined exactly what the ramifications of what this Government is contemplating entering into, I think they deserve a lot of credit because, only for their clear cut way of presenting these ramifications to the people, I am afraid the people might never have gotten the true picture of exactly what could happen in this particular refinery.

Mr. Speaker, it is very unusual - I would say it is extremely unusual to have such a tremendous amount of controversy surrounding a project of this nature, which would mean if everything was completely on the level, which would mean so much to this Province, to the people of the Province. I would say that it is extremely unusual to have this terrific amount of controversy, because of the efforts of the Opposition to bring out in a clear-cut manner exactly what is involved.

Now the reason, Mr. Speaker, that this controversy is a fact, I feel, is because of the tremendous amount of confusion and the great number of facets of this project that have not been explained to the people, by the Government who is essentially trying to get this Bill through, this amended Bill through, and who are trying to establish this industry. Now I was - there are not too many of us in this hon. House who were intimately involved in the initial drafting of the agreement that we are having amended here today. It is very difficult for somebody who does not have legal training to actually understand what all this legalistic jargon amounts to, and I feel that essentially this is where a majority of the people of the Province are also terribly confused about the legalistic jargon and where it is all going to end.

Essentially, Mr. Speaker, I think what everybody has to get out - the majority of the people have to come to the conclusion, based on what we have heard in this House in the last couple of days, and based on what the people 8016 heard when Mr. Shaheen and his employees were here in this House. I think the

only conclusion that the majority of people can come to - can possibly come to is that by the establishment of this project, or this oil refinery - by the establishment of this, if there are any profits that accrue from this industry Mr. Shaheen will get them, and if there are any losses the people of this Province will bear them. I think that this is the very basic conclusion that people are compelled to come to, based on what we have seen, witnessed and heard during the various debates.

It would appear that Mr. Shaheen and this Government, particularly with the hon. the Premier they enjoy a very unique relationship, Mr. Shaheen and the Premier. Mr. Shaheen signs the cheques and the Premier signs the receipts on behalf of the people of this Province. That is a very unique relationship indeed. As has been outlined, particularly by the previous opposition speakers, when it is becoming obvious that the gentleman, Mr. Shaheen, is not investing any of his own money in this venture, the whole situation becomes ludicrous. Nowhere at the outset - at the start of this controversy, I heard the hon. the Premier and other people involved on the Government side of the House, I heard them time after time saying that they were not - that this Government and the people of this Province were not committed for the total amount of \$155 million, that they were not committed for the total amount. The allegation has been made time after time by previous speakers and it has not been denied conclusively or effectively by the Government side of the House that this is not so - so it remains in my mind and in the minds of anybody else, who is looking or listening to what is happening here in this House that the Government have, in fact, despite the protestations of being otherwise, the Government have in fact underwritten the whole amount.

When I talk about confusion, Mr. Speaker on this issue, how can anybody but help be confused, particularly when you hear such contradictory statements, such as statements that were attributed to the hon. Arthur Lang over the weekend, when he said; to the best of his knowledge, there have been no changes or decisions made by our Federal Cabinet relative to the infusion of Federal dollars for the wharf at Come by Chance. To the best of his knowledge, this gentleman - what is happening in Ottawa Mr. Speaker? Is there one man making a decision with-

out having Cabinet approval? Now when you get one of the leading figures in our country standing up and saying that to the best of his knowledge he knows nothing about an alleged agreement between the Provincial Government here and the Federal Government, how can you not but have confusion in the minds of the people?

Then Mr. Chairman, I have heard protestations about the fact that the British Government and E.C.G.D. have guaranteed the loan of this \$155 million.

MR. SMALLWOOD: One hundred and twenty-five.

MR. BURGESS: Under what conditions?

MR. SMALLWOOD: One hundred and twenty-five.

MR. BURGESS: Under what conditions?

MR. SMALLWOOD: One hundred and twenty-five, not one hundred and.....

MR. BRUGESS: One hundred and twenty-five plus thirty.

MR. ROBERTS: Exactly.

MR. SMALLWOOD: They are not guaranteeing thirty.

MR. BURGESS: Now under what conditions - I have discovered Mr. Speaker, in the last couple of weeks, when I was back in my own district in Labrador, I have discovered that even the food that will - the catering firm that will be catering to the construction workers who will build Come by Chance, even the food has to be bought in England. Representatives from the catering firm have had occasion to go to England to talk with the food suppliers, to talk with the wholesalers for the purpose of establishing what quantities and what amounts of food they will buy. Now how do you reconcile an agreement of that nature with the oft mentioned multiplier effect that the hon. the Premier is always talking about when he establishes a job in industry, the multiplier effect for secondary industries or supply industries two and one half? Now, if a basic agreement has been made to buy the food to feed the construction workers, in England, what other kinds of agreements have been reached with the English Government or with E.C.G.D.?

The way I see - what I can see happening Mr. Speaker when we talk about the creation of jobs, everything that will go to construct that plant or this project will be fabricated in England and shipped over here and installed, just like a handy man can install a window frame. If this is the concept of creating jobs and creating work, well I fail to see it and I fail to understand it. No wonder we can borrow that amount of money at five and one half percent.....

MR. BURGESS: Why not? The British Government are quite happy to guarantee the banks, when it is creating industry in their own island, in Britain. It is creating jobs. It is bringing about income for the British workmen. I can see where they are quite happy. And then, Mr. Speaker, we have heard allegations and protestations about the reason why we are here in this House today on this amendment.

I think, the latest addition to the House, Mr. Marshall, put it very clearly and very eloquently when he said that it is patently obvious that the only reason why we are back here was that Mr. Shaheen would not live up to his end of the initial agreement. And then we are told that is not the reason. We stopped them from raising the money. For any reason whatsoever even if Mr. Shaheen was stopped or had raised the money on two previous occasions and was stopped, because he was not getting the money from the proper source, it still means that he did not live up to his end of the bargain.

So, as far as I am concerned, and as far as a lot of the people and certainly as far as the hon. the member for St. John's West and the hon. member for Humber East and the hon. the member for Burin are concerned, he certainly has not lived up to his obligation, the initial obligation which he had.

And then we talk about the use of this House, in the event that Mr. Shaheen will not live up to his agreement. The use of this House to control him, to pass new laws. What I see in that, Mr. Speaker, as far as I am concerned, a Bill in this House does not mean anything anyway. Because I have seen two previous Bills, The Labour Relations Act and the Revenue and Audit Act amended to suit the Government's needs at that time. What is the sense in having a Bill, period, when all it takes is a majority of the House to stand up and amend it to suit themselves, to cut the suit to fit them?

How do passing Bills, sacred laws of this land - and Mr. Chairman, I am amazed, can we possibly believe when we are told by people who are intimately involved in the initial drafting of this agreement that we are here to amend, is it possible to believe that this Government has loaned

MR. BURGESS: this additional \$5 million in interim financing. The people of this Province, and nobody seems to know, I believe the Opposition are not getting any information as to exactly how that \$5 million was spent.

Now is there anything wrong? Is there any back-stabbing of this side of the House by asking a simple, direct question of Government, do they know where that money has gone? And do they know how it was spent? And for what reasons? Can we possibly be sitting in a Democratic House of Assembly and hear the former hon. Minister of Finance stand up and say that he received vouchers from this company in New York City that just say "expenses for vast sums, such as \$75,000." Can we possibly believe that these are the types of people, with an organization such that it takes auditors from this Government over four months before they can even begin to see the light. What kind of organization does this company have within their own ranks? I find it very hard to believe that statements like this can be made by responsible people, by former Cabinet ministers, and not have people on the street gaffed. But, no, it is all taken for granted, because they have seen too many deals such as this.

Is it possible, when we talk about the creation of jobs and the helter-skelter rush to get this through before the end of the month, we talk about the creation of jobs, we need jobs, and this complex will provide 400 jobs, will they be the same or will these 400 jobs resemble the 7,000 jobs that are supposed to be in Goose Bay today or last year? If they are the same 400 jobs, well, boy, I pity the people. Is it possible to believe?

I believe, in answer to the hon. member from St. John's West, the hon. the Premier said that there are a lot of other agreements, maybe not similar to this but of like nature, that have been drafted and signed on various other projects before. But are there many contracts around

MR. BURGESS: that stipulate the entrepreneur or the wheel in the company gets a hundred percent of all its expenses back? I do not think there are too, too many agreements of that nature.

The commitment that this Province, the people of this Province, will be committed to is far, far, far too great for the returns. The returns, as very adequately outlined by the legal eagles on this side of the House, exactly what the people and what the Province will be getting back, the expenditure of a \$155 million or the risk of a \$155 million is far too great in relation to the returns, no matter - the returns as we know that we will receive.

Instead of the agreement of five percent that apparently has or the Government would like to agree to in this Amendment, instead of the buy-back at the end of the required period of time of \$10 million, I feel that there should be a royalty on every barrel of oil that goes out of that plant, if it ever goes into operation, because there is no guarantee that it is going to go into operation. There should be a royalty in the same manner as there are royalties on every ton of ore that is shipped out of this Province. In that way, at least you will be sure, this Province would be sure, of a return over the years.

And, I think it is essential to the welfare of this Province that something of this nature be introduced into this legislation, instead of the amendments that we see here before us.

Mr. Speaker, another question; as to why there is such a tremendous amount of controversy over this project? I think it would have to be admitted by all concerned that it was because of the fact that two of the people intimately involved cross^{ed} the House on the basis of this interim financing. And, I do not think, Mr. Speaker, that anybody who rationalizes or who can rationalize this situation that we are faced with, I do not think anybody at this stage can condemn these two gentlemen for crossing the House at the time they did, because they have been proven right.

MR. BURGESS: Why have we been told? Why has this hon. House been told? Why have the people of this Province been told? Why have they been subject to so much fancy about this particular project? Time after time, we have been told that all obstacles have been eliminated, everything was underway, it is just the matter of signing an agreement. No obstacles, no financing that does not matter - we have got this all arranged. Why have the people been told this, time after time, after time and then we find ourselves sitting in this House here today passing this Amendment, which proves that it is not so and that ninety percent or a hundred percent of what we were told in relation to this project has been false.

I just cannot see how the people of this Province can accept this any longer. \$155 million, a goodly part of that, Mr. Speaker, \$155 million guaranteed by the people of this Province when you have districts like my own in need of so many other things. Because this Government has an extractive attitude, a goodly portion of that \$155 million will come out of the district which I represent, but we do not get anything back. There should be minimum standards set by this Government, a minimum deal. We talk about this agreement, apparently if you can call it an agreement, on the part of Mr. Shaheen, in relation to power subsidy, when a holding company of his own, I would imagine, is committed to supply oil to the Power Commission. This does not ring good, it does not bode good for anybody who really wants to think about it.

There should be, I am in total agreement with what was said by previous speakers, when they said that there should be a fifty-fifty deal. If Mr. Shaheen has such good faith in this project, if he has such great faith in the vast sums of money that he says will be made on this project, fifty percent should suffice. He cannot hope to accumulate all the money in the world or amortize what little he is putting into it, in a short a time as possible. There should be a fifty-fifty deal. And there should not be any hundred percent on salaries. When we talk about the amount of

MR. BURGESS: money this man is putting in, it has been mentioned by every other previous speaker. I had an occasion, Mr. Speaker, also when I was in Wabush last time, to speak to three students who were employed at Wabush Mines. They told me they had to quit at Come-by-Chance because they had not been paid for five weeks.

Now when you get people who are labouring on that site and the management cannot afford to pay them, boy, there is something wrong. Is this how much faith Mr. Shaheen has in this project, that he cannot even shell out a hundred bucks a week to a labourer? Some faith!

Then we are subject to a rash of what I call "false, misleading information" about where this thing is going and what it is going to do for the Province. What it is going to do, Mr. Speaker, is further put this Province further indebt than it already is, by upping, by practically ruining the credit of the Province.

Mr. Speaker, I certainly cannot see anyway that any serious-minded member of this House of Assembly could possibly think or could possibly think of supporting the Amendment that we have here before us today, because I certainly would not support the Amendment.

Then the matter was brought up, Mr. Speaker, by the hon. the Leader of the Opposition, relative to (he mentioned the word) "conflict of interest." I know the gentleman on that side of the House, whose law office does the legal drafting for the John Shaheen group, and they are good people. There are no reflections on them at all, but there is definitely, there has got to be a conflict of interest when you have an individual who is drafting a company or a corporation's legal documents, and he is also in a position to vote on the passing of a Bill, which he possibly drafted. There has got to be a conflict of interest, as far as this situation is concerned. I think it was quite proper of the Leader of the Opposition to bring that out.

I notice, Mr. Speaker, in the letter that was circulated to members of

MR. BURGESS: this House, relative to the exchange from Can-Carib, the oil, the amount of oil that they will supply in relation to the electricity subsidy, which this will be giving the operation, and it is all based on a four mill calculation.

MR. E. M. ROBERTS: If the hon. gentleman would permit, he may be referring to the examples at the back, those are only examples. The text of the letter makes it quite clear, but it is the actual cost which we do not know what it will be. I can assure the hon. gentleman it will be considerably over four mills. Those are only examples.

MR. BURGESS: I thank you very much for that information because, to the best of my knowledge, I did not know of any four mills.

MR. ROBERTS: We love four mills power.....

MR. BURGESS: If it is only a calculation, well

MR. ROBERTS: It is only an example showing how the calculations are to be worked out.

MR. BURGESS: There is no doubt in my mind, Mr. Speaker, that before the next couple of days have passed, this whole issue of this Amendment will be put to a vote in this hon. House. And there is no doubt about the outcome, and there is no doubt of just what the people of this Province will be saddled with from the day that that vote is taken. There are an awful lot of people, Mr. Speaker, who are watching, watching very carefully, and they will be very, very disappointed people, if this agreement and this so-called industry turns out like some of the other ones that have been promised to the people of this Province.

We talk about the straw that broke the camel's back, and I am quite sure that this will certainly be a straw that broke the camel's back, if in fact this just happens to be election bait. Because in the minds of practically everybody on this side of the House, the thought is there that the Government, with not too much time left, over a year left, not too much time, have got to look around for something that will allow them to go to the people of the country. Having complete accord, in absolute complete accord, with previous speakers who have in essence challenge the Government on the expenditure of this \$155 million or the underwriting of such a vast

MR. BURGESS: amount of money,

the people of the Province should be consulted in the only way, should be allowed to participate in the only way that we know of in this democratic society of ours, and that is in the form of receiving a mandate or being thrown out of office on the basis of a platform like this being presented to the people. And, I think that conditions in the Province warrants, Mr. Speaker, conditions in the Province warrants they could not be more genuine, it is warranted that the people be given the choice of helping the Government make this decision involving this amount of money. Otherwise what are we going to do? We are going to rush this thing through and then go to the people and tell them this is what we have done and, like it or lump it, there is not a thing they can do about it. I do not think that this is what the people of the Province deserve. Because there is nothing that annoys me more, particularly relative to the district which I represent, Mr. Speaker, that is making such a massive contribution in terms of tax dollars to this Province, than when you see those tax dollars squandered and misused.

No wonder I have got a bunch of wild people on my hands, Not alone are they making this massive contribution ^{and} getting nothing back, but the dollars they are pouring in are being misused.

Mr. Speaker, I would like to call it six o'clock, I would like to adjourn -

MR. ROBERTS: Move the adjournment of the debate.

MR. BURGESS: I move the adjournment of this debate.

MR. SPEAKER: It is moved and seconded that this debate be adjourned.

MR. ROBERTS: Mr. Speaker, I would move that the House at its rising do adjourn until tomorrow, Tuesday, at 10:30 A.M And that the House do now adjourn.

In so moving, Mr. Speaker, may I inform the House that I have checked and I have been able to find the Editor of Debates, who has been at work.

The Hansards from May 12th. to May 26th. which is the area of dates immediately after the Hansards we have issued, are now in the hands of the

MR. ROBERTS: printers in the Department of Supply and Services, There was some trouble with the machine. But the first three editions should be in the hands of hon. members tomorrow.

Perhaps, I should add to, Mr. Speaker, that we intend to proceed with second reading in the hope of concluding it tomorrow morning, at which stage I gather, if we have unanimous consent, as we hope and expect, we will proceed immediately with committee stage of this Bill. The Government do not propose to ask the House to sit on Wednesday, Sir, because several members of the Government and I believe representatives of other parties in the House will be in Corner Brook for the installation and consecration of Monsignor McGrath, as Bishop of St. George's.

On motion that the House at its rising to adjourn until tomorrow, Tuesday at 10:30 A.M.