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VERBATIM REPORT

WEDNESDAY, MAY 12, 1971

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House met at 3:30 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order! Before presenting petitions may I ask hon. members to welcome to the galleries some thirty-six students from St. Joseph's Boys School. They are grade VIII students and they are accompanied by their teachers, Mr. Scanlon and Mr. Farrow.

ORDERS OF THE DAY:

MR. SPEAKER: Motion 2 - standing in the name of the hon. member for St. John's West on the Order Paper of May 12th.

MR. BURGESS: Mr. Speaker, in speaking to this motion by the hon. member from St. John's West, looking at the motion and the ramifications thereof:-

WHEREAS it has been revealed that the cost of the Javelin Pulp & Paper Limited Linerboard Mill at Stephenville has escalated since 1970 from an estimated total cost of 75.3 million dollars to an estimated total cost of 91 million dollars or by 15.7 million dollars since last reported to this House of Assembly;

AND WHEREAS the Government of Newfoundland has given an open-ended guarantee in connection with the Project so that completion of the Project is guaranteed by the Government and must now assume the liability of an extra 15.7 million dollars in cost escalation;

AND WHEREAS the Government has guaranteed an additional bank loan of Two Million Two Hundred and Fifty Thousand Dollars with reference to the Project;

BE IT RESOLVED that this House regrets the inability of the Government to control the cost of the Javelin Paper Corporation Linerboard Mill Project at Stephenville, Newfoundland, deplores the failure of the Government of Newfoundland to adequately, or at all, supervise the carrying out of the Project by Javelin and requests Mr. Speaker to appoint a Select Committee of this House to inquire into and to report back to the House with respect to the status of the said Project and progress to date including the manner

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in which the Government is supervising and carrying out of the Project by Javelin Paper Corporation or associated companies, the steps now taken to ensure no further escalation of costs in connection with the Project and to report on the economic feasibility of the Project in view of the said increased costs as well as the possibility of further increases in cost, such Select Committee to be representative of all parties and groups in the House and to have all necessary powers to carry out its duties properly and to report back to the House during the present Session.

Now, Mr. Speaker, relevant to this motion and to this Project, I am sure that the people of the Province have literally been benumbed by the controversy that this Project has caused and the ~~furor~~ ^{furor} in the minds of the people that it has caused since the idea was put out to the people. Now primarily in relation to this mill, this linerboard mill at Stephenville, we are all aware of the particular relevant controversy as far as the Melville area, Goose Bay-Happy Valley Region, was concerned, where it was decided initially that one vital part of this operation, the source as it were, the chip mill operation, was to be located in Goose Bay or in the Melville Area. Now I am not in a position to say at exactly what time the promise was made but I am led to believe that it was somewhere in the region of 1968 and, of course, coincidentally, prior to a Federal election, I am quite positive it was only coincidental.

Subsequently after this election had been concluded, it was decided, and I am not dealing with the merits of the decision, it was decided that the whole complex as such was to be located in Stephenville. The people of the Goose Bay-Happy Valley Area were notified ^{of} this by I will say, the most flamboyant means, by virtue of calling a public meeting in Happy Valley in January of 1969. Believe you me the timing was just right to upset anything that the people had gotten out of Christmas whatsoever. But anyway, the public meeting was held, wherein the people were told, approximately 1,100

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people were told that the Government had changed its mind, that the whole complex was going to be lodged in Stephenville.

Now, Mr. Speaker, I am not arguing with the economics, the economics that prompted that decision to lodge the whole complex in the Stephenville area. There must obviously have been economic considerations for the Government to make that decision but, if the economic considerations were so obvious in January of 1969, they must also have been equally as obvious in 1968, prior to the Federal election. So in essence, Mr. Speaker, what I am insinuating was that these people were told of an establishment of a vital industry in the area for no other reason than to influence the result of that election.

Now the economics and the decision, the ultimate decision to have everything in Stephenville, is fine. Then sometime this year, everybody having assumed that an agreement had been signed relative to this complex and that everything had been firmed up, financing and so on and so forth, and all the mechanics of operating it had been firmed up, then we are made aware this year, through the media and through the efforts of people on this side of the House and through the obvious efforts of the financiers, that the costs of the project at Stephenville have escalated by \$15.7 million, quite a percentage when you consider the overall cost of the operation, when we had been told that everything had been firmed up.

Now it leaves me to believe and I am quite sure it leaves a lot of people to wonder, what good is the signing of a contract when costs can escalate to such a degree over a short period of time and that these costs could not be anticipated and included and given as a true representative figure of the total cost of the operation? Now, Mr. Speaker, in a report that was presented to this House some time ago, the Royal Commission Report on the Economic State and Prospects of the Province, they dealt in quite lengthy detail with this anticipated linerboard mill. On page 165 of this

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report, and I assume, despite what has been said about this report, the people who made it and composed the committee were qualified to render decisions that are included in this report and they, on page 165, they state that a linerboard mill is projected for Stephenville, I am not positive, I am sure at what date this report was compiled, but they state that a linerboard mill is projected for Stephenville, based upon Labrador pulpwood, in chip form. It is planned that this mill would use birch in its manufacturing process and thus create a market for a species now principally used for fuel on the island. This again would substantially constitute an export product, with keen competition from other linerboard mills. They go on to say the selection of pulp manufacturing process has an important bearing upon the Provincial economy. A mill producing unbleached market-craft pulp, for example, a relatively low grade product, could be expected to derive a low average market return. In addition such a mill would be more vulnerable to market fluctuations, created by supply and demand relationship, than a mill producing a more refined product.

Now these people, as I have said, Mr. Speaker, obviously know what they are talking about and I hope when all this talk we have heard about feasibility studies, about any massive project or any massive injection of industry into the Province, I hope that statements such as these are taken into consideration if and when this thing turns out ultimately to be either a success or a failure. Now the Labrador part of the operation, where all the wood and lumber is to be harvested. - Mr. Speaker, I am not in a position, I have been in Stephenville once in my life, I am not in a position to say exactly what is transpiring in Stephenville or how advanced the project is but one thing I will say, Mr. Speaker, that if the operation on the Stephenville end is anything like the operation on the Melville end, well then there is not much hope for the project, period. Because it is perfectly obvious, even to a little guy on the street in Labrador, in the Goose-Bay-Happy

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Valley Area, that there is something radically wrong with the operation, because of the very fact they can see the nature of the operation. They hear what is going on around them because they are environmentally involved and they are not happy. They are certainly not happy with the operation as such, as it exists.

Now, during debate on the estimates yesterday, I asked the hon. Minister of Mines, Agriculture and Resources and I was answered in part, in two parts: one by the Premier and one by the hon. Minister, and they did state honestly that they were not satisfied with what they knew of the operation in Melville. Then the Premier went on to elaborate and the hon. Minister went on to elaborate as to why. Mr. Speaker, at this moment I would say there are not more than fifty people employed in this operation in the Melville area, not more than fifty, if there are it is very few more. Now as I know it, being in Goose Bay and listening to the people who are aware of what is going on and listening to the people who are knowledgeable of the project, I have been told number one, a point which I raised yesterday, being that primarily or last year there was an agreement signed to export one hundred thousand cords to France and, as was brought out yesterday, what they have achieved actually was twenty-one thousand cords, so it leaves a commitment they have to fulfill of a further seventy-nine thousand cords, as a commitment to France. Also based on the projected starting-up date of the mill in Stephenville, there is supposed to be a further eighty thousand cords in Stephenville for the start-up operation next year, in 1972, which would mean logically that this would have to be shipped this year.

So we are talking approximately one hundred and sixty thousand cords, one hundred and sixty thousand cords that have to be harvested and have to be prepared for shipping. Now as I have said, Mr. Speaker, with fifty people employed there now possibly, this is quite possible, since this is also election year, that there could be one hundred men there in a month's time, there could

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be two hundred men in a months time but, under the present state, the present state and the nature of that operation as it exists now, there is no way that this quota of one hundred and sixty thousand cords is going to be reached. Then we might have to fall back, as was stated by hon. members in this House yesterday, to importing the necessary wood to make that project in Stephenville start up next year. The access roads to the woods now, because of the spring breakup, the access roads are just unusable and there does not seem to be, at least according to the information that I get, there does not seem to be any effort to make them usable or to repair these roads so that they will be viable and useful in a months time when shipping starts.

As I have said, with fifty people, what can you do, even though we have been told that the most sophisticated and up-to-date machinery is at that project? Now we also heard yesterday and it is quite logical, that it will take a period of time, a considerable period of time before you get a neatly efficient operation in any start-up. This was impressed upon us yesterday but it certainly does not, it does not mean that at the outset that things be in such a shambles and the administration of the operation, at the moment, does not lead anybody to believe that it is going to get more efficient. Now we were told yesterday about the problems that they have been having with the maintenance of the equipment. Then we were told that a gentleman have been hired that apparently has brought about a change, in that he is keeping the equipment operative. One thing that occurred to me and I refer to statements made in 1969, in January of 1969, made by the Premier in front of 1,100 people, and I am quoting the exact words of the Premier, According to the Premier, the first thing the company has to do is put up a building, a motor transport pool and store. That building is one hundred and fifty feet by one hundred feet by twenty-four feet high and then the main office, which is a two storey building fifty feet by one hundred. "These two buildings will go up this summer, here in Happy Valley." That was 1969 and I do not see those buildings up in Happy

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Valley in 1969, I do not see them up there in 1970 and I do not see them up there this year.

Now I would imagine, automatically assume that, if they did have the facilities that the maintenance of the equipment would be much simpler and much more progressive. But the people were told that these facilities were going to be there in 1969

MR. BURGESS: Not next year, not 1970, not '71, 1969. We also have reference to the fact that it is difficult to keep people or to have people go to the area and stay there, because of the lack of housing.

What do we hear about the housing in relation to this? Once again I am quoting the Premier in 1969. "The first thing that is going to happen in Happy Valley is this; here is the first thing that is going to happen, you are going to have a housing boom. You are going to have a boom building houses." The company, at once (and Mr. Doyle will tell you about this) this summer, 1969, keep in mind, Mr. Speaker, has to get built 200 new houses in Happy Valley. Now you will see, in Happy Valley, the biggest housing boom of any town in this Province, Mark this, Mr. Speaker, a housing boom in Happy Valley that is coming. It is coming this year, this present year it is coming, the housing boom, 1969. Happy Valley will become the largest town, the largest logging town in Eastern North America, mark this, Mr. Speaker, not, not next year, not the year after, not the year after that but this summer, 1969."

MR. SPEAKER: Order Please! I am finding it increasingly more difficult to relate the subject matter of the hon. member's speech now to the resolution before the House. I wish he would keep it a little closer to the wording of the resolution itself. He is evidently on this tangent now, which sounds more like the Budget debate than it does the resolution that is before the House.

MR. BURGESS: Mr. Speaker, I was referring to the Melville end of this project, as it relates to the motion.

Now Mr. Speaker, as it turns out, the Melville end of the operation, instead of being, and it is impossible to talk about the Stephenville end without referring to the source. What is happening in the Melville area is this Mr. Speaker. I am not sure whether anybody is totally aware of it, either in Government or the people who absolutely run or rule the operation or who are responsible for the operation. It turns out, Mr. Speaker, that the operation as such that was going to create employment in that area, the operation as such, instead of being a viable

asset to the area of Lake Melville to Happy Valley and Goose Bay, instead of being an asset it has transpired into being a liability, at least at this stage.

I am told by the various business elements of that area that the credit of the operation as such has been cut off because of lack of payment of bills in the area. They have been living off the suppliers, the small suppliers in the area and it is practically impossible for that operation to get any further credit for materials or for whatever else they would be inclined to purchase in order to keep the operation going. This is a complete conflict. It is completely contrary to the idea as such as to what this was going to do for the area. I sincerely hope that the same set of circumstances do not exist, on the Stephenville end, that exists on the Melville end.

On page 172, of the Royal Commission Report on the Economic State and prospects, it also goes on to say that total employment in the logging industry is expected to decline as modern technological improvements replace the traditional hand techniques of pulpwood production. How do we relate that Mr. Speaker? How do we relate that to the number of jobs that were supposed to be created in the logging industry in the Melville area when it was decided that the chip mill was not going to be in the Melville area?

I say Mr. Speaker, that there is something radically wrong, there is something radically wrong with this operation and it has to be taken in hand, if not by the owners or the people who are financially involved in the operation, it has to be taken in hand for the good of the community, for the good of the pulpwood resource, of the forest resources, for the good of the Province. It has to have a serious look taken at it and some improvements have to be made in the Lake Melville end of the operation. If the people who are financially involved there, the entrepreneurs or the business people do not do it, well I feel that it rests with this Government

to take a close look and see what they can do to improve the lot of this project, because, after all, the Province has underwritten a substantial amount of the cost of this overall project.

I am told Mr. Speaker, that, and this was one of the reasons that I asked the hon. minister yesterday if he was satisfied with the nature of the operation as such, I am told, that even on the harvesting end of the operation that they are not even conforming to the department's regulations as such, when it comes to cutting or harvesting the timber. If they can breach the regulations that a department lays down, or a Government lays down, well then I think there is something sadly lacking.

I have no alternative Mr. Speaker, absolutely no alternative, when we talk about this project, and when we look at the motion that is before this House, I have no alternative but to support it, based on the knowledge I have of the Melville operation, which is a liability instead of an asset to a region of Labrador, that needs that vitally needs encouragement. It needs industry, it needs jobs. I have absolutely no alternative but to support the motion.

I did ask yesterday, Mr. Speaker, I was hoping that the hon. Minister of Mines, Agriculture and Resources, who obviously - his department would have an influence on the correct procedures, or the correct running of this operation, I was hoping that he would be here in order to rebutt or at least to investigate what I am saying. It certainly does not appear there is any encouragement injected into the minds of the people in the Melville area, in the Goose Bay area, about this operation. When we see and we hear the Opposition, and we hear about the escalation of costs on the Stephenville end of it, well then, Mr. Speaker, it certainly is not conducive to encouraging the people of this Province to support the underwriting or the guaranteeing of funds to put this operation in business.

Mr. Speaker, as I said, I have to support the motion before the House of Assembly. I am told, as was brought out yesterday, that it is not even, when you talk about bringing the wood from Labrador down to the

operation, to the mill itself, we are told by people, who should know and who are knowledgeable on the economics of the matter, about the subsidies that will have to be paid. Of course we have the denial, It was in the form of: "I do not think that the Government will have to subsidize." "I do not think." Well, a lot of things have been thought in this Province that did not jell. A lot of things have been thought and, unfortunately, when we find out the true character of this operation it will possibly be too late. But, thinking that the Province and the people will not have to subsidize this operation is certainly not good enough. It is certainly not good enough for an Opposition. It is certainly not good enough for the people to hear that certain people do not think.

We have heard talks about feasibility studies, Well, I certainly hope that a sincere and honest feasibility study was done on this project, instead of just trying to entice and create the impression that there is industry sprouting up all over the Province. What is obviously needed and, Mr. Speaker, I am taking the word of people who are environmentally involved in the area, a strong look, a good look has to be taken at this operation and changes have to be made in the administrative set-up if this thing is to work efficiently. As I said, I can certainly understand that it takes a while to become as efficient as you would like to see any operation, but it does not mean that it has to be so haphazard and such a liability at the outset, because, I am sure that there are people who are qualified to administer this operation and see that the best results for the Province come out of a good administrative job.

I am told that it is even managed by a manager who resides in Montreal and spends very little time on the project. Well that is certainly not the way that you run a good project.

Mr. Speaker, I do support the motion of the member for St. John's West, and I hope that for the benefit of the people of the Goose Bay - Happy Valley Area, I sincerely hope that some changes are made. By

whom is not really important, but it has to be made by the two parties that are most involved in this operation. Those are the people who are going to make the profits from it. The other is the Government, who have underwritten and guaranteed the major cost of this project. I support the motion.

MP. EARLE: Mr. Speaker, I wish to rise in support of this motion, for the following reasons: It must be obvious to anyone that a project which is only getting off the ground, you might say is partially built, and where already an escalation in cost, of approximately twenty percent, is evident, does need careful looking into. This may be the first escalation of twenty percent, but who is to say that there will not be further escalations which may drive the cost to any figure? We do not know. We have not been told. The Government, under its open-ended guarantees of this project, is committed for any escalations in cost. Whatever the thing may cost, or whatever the mill may cost, the Government has to stand four-square behind it, to see it completed.

Anything, of course, we say on this side, in this connection, will promptly be interpreted that we are against this project which is, of course, the farthest possible thing from the truth. Any mill or industry in this country, particularly one of this nature, which will employ a fair number of men, warrants the fullest possible support of both sides of the House. This motion is not in any way to be interpreted as the members of the Opposition or the P.C. Party being generally against development of this nature. What we are against are revelations of a very serious escalation in cost, without any adequate explanation whatsoever as to how this has been brought about. It has been loosely said, by way of excuse, that this is due to the increased cost of money. This is an absolute fallacy because, in the past year and a-half, we have seen interest rates all over the world coming down rapidly. In the past few months it has been very dramatic that the interest rates and the cost of borrowing money have come down everywhere. That cannot be interpreted as a valid excuse under any

circumstances. This cannot be a proper excuse. It is an excuse, but it is not a truthful one.

Yesterday or a couple of days ago, when I spoke of comparison of the costs of building mills, paper mills and the establishment of industry generally, it was promptly slapped up to me that in the past history of Newfoundland, when the former owners of the Price mill and the Bowater's mill came into Newfoundland, they were given tremendous concessions in order to establish in this Province. That is very true, Mr. Speaker, they were given very, very great concessions. Many of us feel that probably they were given too many concessions. In that day and age, who could tell what the outcome was going to be? These had a very rough history in getting of the ground, particularly the Corner Brook one, and undoubtedly concessions were necessary to attract them here to start up these huge operations which, incidentally, since then have poured million upon millions of dollars into this Province and to the workers of this Province.

To compare what happened when the Price mill was founded or when the Bowater's mill by the Harmsworth people, was founded in Corner Brook, with ^{what} is being done today, by way of attracting an industry of the type of the Melville project, is so ridiculous as to be unbelievable.

One has only to look at Corner Brook to see what was built there and what was created at Corner Brook by the company at the time. It is true they got tax concessions, they got stumpage concessions, they got S.S.A. tax and so on, but these Sir are infinitesimal in comparison to what promoters today are getting. Just take a look at a few of them. For instance, we hear that the Stephenville project is being subsidized to a great extent by a huge water and sewage system which is being put in by Federal funds.

Now, when Bowaters went into Corner Brook, they built a town. It was not Bowaters in those days it was Harmsworth - I forget the name of the company in those days, but when they went in they literally built a city. They provided everything there, The water and sewage, the electricity, hotels, schools, what have you, The whole business. Today, do we see this

same sort of thing happening in Stephenville? No, not at all. The piers are being built there by other monies. The water and sewage system is being put in by the Federal people. Does the Stephenville company have to build a huge power house at Deer Lake such as Bowaters had to? Not on your life. There is a ready-made extensive supply of power, at highly subsidized rates, which that company will get. If this is not a subsidy to a company I would like to know what is?

In Corner Brook, when it started up, and earlier in Grand Falls, the companies provided hotels. Today, you find that in Stephenville two huge army building complexes are given, literally given to the same promoters of this enterprise, at a fantastically low sum. I think it is something like \$250 thousand for probably a \$4 million complex. There will have to be a certain amount of money spent on these, of course, to create them into proper hotels. The basis of good hotels is right there in very expensive buildings, which are then turned over to the same promoters at a very, very reasonable cost indeed. We have not yet heard that the holdings are to be paid for nor anything of that nature, what sum of money has been laid down or put up for these or if it has been paid or if it has not.

Item after item in this particular project, as compared with what was done in the past, is really a gift from Heaven. You go all over the field actually. When Bowaters and Price and these fellows started up, they did not have any training schools nor anything of that sort to train their workers, nor to train heavy equipment operators, machinists nor anything of this sort. Today, thanks to the Federal Government and the Provincial Government, under the apprenticeship schemes and the various training schemes, all of this is done at public expense, and the students are highly subsidized. The old companies had to start from scratch. They had to do all of this themselves, with all the expense involved, to create the staff which they needed for their mills. Today, this is being done at Government and at public expense, to a great extent. These schools will turn out

students in their hundreds and possibly their thousands, who will be far better qualified than anything Bowaters or Price or the A,N,D, Company, as it was then, could ever hope to get. They had to go into expensive training programmes at their own expense. This is just another form of subsidy.

Even on the S.S.A. exemptions, that is the Social Security Tax, when I had something to do with this in Government, there was always a bit of a question asked as to just what came under this exemption. New equipment, which goes

MR. EARLE: into the building of a mill, was exempt, replacement of equipment was not. But, of course, when a project is being built from start, actually it is all new material, so all of that is exempt, to encourage this project to get underway.

Now this is a very wide open exemption, because, unless it comes under rigidly careful examination, and it takes very qualified people to examine this, under what exemptions may cover, it is very difficult to determine, I feel that the S.S. A. exemptions given to industry of this type are far, far too loosely given, because you may start a mill or you can start offices or anything in connection with it, but just what equipment is actually the equipment of the mill? What is its furnishings? What is its light fixtures? What are a lot of other things surrounding the mills, and so on? Are all those to be exempt? Is that all part of the operation? Some of them are normally saleable items. Some times the line is not drawn closely enough to see just what exemptions a company of this sort is getting. The thing is almost a wide open door to include everything.

Now, I wonder, supposing the hotel has to ^{be} refitted out there, this sort of thing, when they start going on that, will all that come under exemption, everything that goes into this place? Will this company be permitted or the same promoters of it be permitted to build up a huge hotel complex without any S.S.A. tax? Or what goes into this? These are the sort of questions that we would like to have answered. Even if you want to go to an extreme, the same promoters and the same company had brought a very modern brewery. A brewery, we have been told by the Premier from time to time, is tantamount to a licence to print money. In other words, if you own a brewery you are made for the rest of your days. Unfortunately, that did not prove to be the case in the former Atlantic Brewery out there.

But, if this were a successful operation and the promoters of this thing start a brewery under and it is successful, they again have a huge money-making project at their disposal. So it would seem to us that everything is being handed to the same group on a platter. Now all very fine, if Stephenville is resurrected, a number of people are employed because of all of this, I do not think anyone will quarrel very much.

MR. EARLE: But what we have to look at is, out of all these exemptions and guarantees and subsidizes or whatever you would like to call them, how many men will get work and how many men are getting work and is the end worth the means? There is some cause of doubt for this, because when these things are promoted, they are always given a big announcement. The Government make huge announcements about the number of people who will be employed. It is always exaggerated to the "nth" degree. I believe, at the present time out there, there may be six hundred or seven hundred men working, which is a good work force on that particular project. But we heard figures when this thing was promoted, that 1200, 1500, 2000, - it is a long, long way from reaching that. And, again, this is suppose to be and will be a very modern mill in every aspect. It will be highly automated. The figures which we have heard of promotions of employment, after the mill is completed, my guess is the actual number will be far less than any of the figures which we heard quoted at that time.

Now all of this has been done on a more or less open-ended guarantee, by the Government, of whatever it may cost and that cost has already gone up twenty percent. We do not know what the final figure will be. but, should it go up further and it well may do so before this project is concluded, we have to look at just what the Government are guaranteeing for the amount of labour and employment which is being produced in that area.

I have already pointed out that the comparison with the past and the present is completely foolish, as far as tax exemption and subsidy are concerned. Now yesterday, when the hon. the Minister of Mines, Agriculture and Resources was speaking, he spoke of a great programme of woods access roads on which, I think, there is to be \$1 million spent this year. When the other paper companies started in this Province, did they not build their own access roads? Did they get any help, or any encouragement in that way? Practically every inch they pushed through the country, they built at their own expense. Now we shall see access roads into every nook and cranny, built with the help of the Federal Government. We are delighted to get it,

MR. EARLE: but this puts a promoter today or a builder today in a very much more favourable position than ^{the} old companies which were established and which have paid into Newfoundland so many millions of dollars. It behoves this Government, and will behove all of us that ⁱⁿ encouraging a thing of this nature or a project of this nature, we do not in any way, by our own action, give them an advantage over the established companies in this Province. Now it is called a linerboard mill, I believe, there will be a paper mill associated with it. It starts off as a linerboard mill, which is not a competing item with the present paper mill. We are glad to see something new coming into Newfoundland, but this thing needs to be watched, watched extremely carefully because you may well find a highly subsidized operation, with all the possible subsidizes that can be given to it, and it would in one form or another competing with established industry in this Province, which at the present time is having a very rough time of it indeed.

It would be far better, possibly, if we have two or three healthy industries in this country, instead of four or five which are not healthy. We carry on, blithely going ahead, expected to back this new project without being told in any way why the cost is going up, what the feasibility reports are now that the cost has gone up. Has this in any way made the project less viable than it was? Is it going to be a proposition that will pay for itself or will in time the Government be called upon to subsidize this even more heavily? This is the sort of thing we need to know. This is why this motion is brought into the House today. Surely, any government that wants to stand on its record, it has no hesitation whatsoever in opening up all the facts to the public, not just by a statement, by the Premier or somebody else, that this thing is all right. Of course it is viable or it is going to pay or it is a great thing, and you can count on it being great, saying so is not enough today, this House is here to determine facts. An investigation, of the type mentioned in this vote, would be the only means by which the proper facts could be got at, it could be revealed to the public. I should think that the Government would welcome such investigation, because it would set everybody's mind at ease; that this was indeed a project in which the Government

MR. EARLE: could take great pride and in which the people could feel perfectly safe that the amount being guaranteed was indeed worthy, because of the number of people employed, would in comparison to that amount, be full justified.

Now these are things which we have not been told. We do not know what the final outcome will be, either in cost or in employment. It is no sensible way of making a comparison at all, until we have these facts and figures. That is why, Mr. Speaker, I support this motion today.

MR. T. HICKMAN: Mr. Speaker, with respect to this motion, I think we should remind ourselves that the opening remarks of the hon. the member for St. John's West, when he introduced this motion, in the fond hope that this resolution would receive the unanimous support of the House, the hon. member indicated that he would be prepared to amend the motion by striking out the words, "deploring the failure of the Government to adequately or at all supervised the carrying out the project by Javelin." That is a very significant statement, Mr. Speaker, for this reason that I would assume that every responsible member of this House, whilst wanting to see the Javelin Project completed and turned into a viable operation, is equally conscious of the developments that have occurred in other Canadian provinces in the past two or three years, where successive governments or even successive administrations have found that because of lack of proper supervision, because of failure to disclose to the people of that particular province what exactly was going on with public funds in the establishing of new industries in their provinces, they found themselves now and they do find themselves in a state of very serious financial embarrassment. They are caught in a situation where they cannot turn back and where they have to go on and continue to finance a project, the viability of which is now very much in doubt in view of the total cost.

Now in the prospectus which brought to light the changing situation, the prospectus that was filed in New York, we are told of the escalation of the cost and the reasons for it, \$4.3 million for additional facilities not contemplated, \$3.6 million in the cost of construction, \$3.7 million in interest etc. These things have been dealt with by previous speakers. But, Mr. Speaker,

MR. HICKMAN: how far along has the construction of this mill proceeded? Even if you take the increase in the construction cost of \$3.6 million, the escalation, this was known when this prospectus was filed, I do not know what the date of it is -

AN HON. MEMBER: March.

MR. HICKMAN: In March, presumably at that time construction had not progressed very far. The mill had gotten not too far beyond the foundation, and yet, in that short period of time, there have been an escalationⁱⁿ construction alone of \$3.6 million. Now surely this must make any hon. member very apprehensive that, if costs escalate in that short period of time for construction only, to \$3.6 million, then obviously the danger is there. and a very real danger of a continuing and a continued escalation in the cost of this project.

Then again, the prospectus tells us that \$2.5 million is for the construction of primary facilities to reduce pollution caused by affluent from the linerboard mill. Now, we have been told that this mill has been designed and the feasibility and viability of it, approved by E. and B. Cowan, who, I was going to say the greatest pulp and paper engineers, but we will leave it to saying that they have had experience in other mills in Canada. Now surely part of any feasibility study on the part of any competent responsible engineers, dictates that there be a searching inquiry into the pollution requirements or the anti-pollution requirements of both the Federal Government and the Provincial Government and in particular the Federal Government.

Why this sudden escalation^{to} catch us by surprise and suddenly find that, before the mill is even underway, the amount appears to be completely out of whack. Again, what are these additional and alternate facilities that now have to be furnished to the mill in Stephenville? If you have a turnkey contract, if you have competent pulp and paper engineers, then surely no major alternations are going to come upon us within the first two or three months following construction.

MR. HICKMAN: Then, Mr. Speaker, we go on to something that is, in my opinion, very vital to the security or otherwise that this Province has with respect to the whole project. The whole project must be treated in its entirety and not as three separate units. The prospectus says, and I quote "in addition the Province has unconditionally guaranteed \$2,250,000 bank loan to Javelin Paper, in connection with the acquisition by Javelin Forest of harvesting facilities for use in Labrador." Then there is the provision somewhere in - oh, yes, on the next page "the Province is entitled to receive a chattel mortgage on the wood harvesting facilities of Javelin Forest." Now we come to the real crunch, Mr. Speaker, if you accept the fact that all three phases must be treated as one unit, because without that the security is pretty useless. I have heard the argument advanced in this House that when the pulp and paper mill at Corner Brook was first built, that the original company then found itself in financial difficulties and was subsequently taken over by another company and eventually Bowaters came on the scene and Bowaters acquired the asset and the mill has been functioning.

Therefore, if we have a mill in Stephenville, even though it may get into financial difficulties, somebody else is bound to buy it. But that pre-supposes, Mr. Speaker, that the Province has control of the entire unit, all three, not just the forest products or the timber stands, not just the machinery and equipment at Stephenville but also the harvesting equipment which apparently is a quite valuable and heavy investment that has to be made. Because again we were told here yesterday, and it stands to reason, that the whole success of this mill depends on, being on, the ability of Javelin to adequately and efficiently and competitively harvest Labrador wood and then get it down to the mill.

A lot of this expensive harvesting equipment and presumably the equipment for which there is now a guaranteed bank loan of \$2.25 million, is already on the site, is already in use and has been last year and must get into full production this year, if they are going to produce sufficient supply so that the mill can get into operation in 1972. I say to this House now that this

MR. HICKMAN: equipment is already secured. It is being secured by finance companies and the finance companies have naturally taken adequate security on these chattels, which is the equipment. And all the Government have to do is to take a look at the Registry of Chattel Mortgages, that will confirm what I am saying.

Now, then, supposing, either during the course of its present operation, while it is getting ready and starting up to cut wood this year for next year's mill, that the company finds it has not got the funds or the working capital that it must have, and ^{it} gets into financial difficulty with the owners of the harvesting equipment. What do they do? They repossess. When they repossess, what happens? A third, the third wing of that operation has disappeared. They have their security. Their security takes priority over any other security. There is no right of redemption insofar as that particular security is concerned. Only today, I saw in the Registry, where the company has now given a registered general assignment of book debts to one of the Chartered Banks, in the Javelin Forest Products. It looks to me as if everything they have is being tightly caught up and tightly secured by the lending institutions who are financing the very essential part of this project, the operation and the harvesting at Melville, at Lake Melville.

So the old argument, the old proposition or the old comparison between the establishment of the paper mill at Corner Brook and the establishment of the paper mill or the linerboard plant in Stephenville, is not a valid comparison and it is one that will not stand any scrutiny. Because the simple fact is, Mr. Speaker, that whilst the Province apparently has good control over the building being put up in Stephenville, the plant, and it has some sort of circuitous security and control or security and rights with respect to the timber stand, I have yet to see tabled in this House or to be told that, in the event of default that Javelin Forest Products or the Doyle Interest have relinquished all of their rights or agreed to relinquish their rights to all of their timber stands in Labrador.

This, Mr. Speaker, I believe is so vital to this whole project that it cries out for the type of careful consideration and scrutiny that this Resolution calls for. It is not a question of - and when you stand in the

MR. HICKMAN: House and you-raise questions, trying to get good value for the taxpayers dollar, some fellow is bound to jump up and say; "Ah;you are against the establishment of a new industry." Silly nonsense! The fact is that, if you take any new industry coming into any province and if you make allowance for the growing pains, you still have a very serious obligation that number (1) the costs do not escalate to the point where no matter how good the market is, it cannot be a viable operation. (2) You have to see that the money is well spent. It is as simply as that.

If a plant costs \$50 million to build and if E. and B. Cowan's report says that a \$50 million or \$60 million plant at good market prices can be a viable operation, it certainly does not follow that a sudden escalation to \$70 million still makes it a viable operation. Obviously, it does not, because the owners or the promoters, if nothing else their interest and financing charges have gone up by fifteen percent or twenty percent. Then is it still viable, are they still competitive? Any member of this House today could build a mill to

MR. HICKMAN: manufacture anything from ball bearings to paper, if he had an unconditional, open-ended guarantee from the Government of the Province, as this Bill that was passed two years ago gives Canadian Javelin.

What is so wrong Mr. Speaker? What answer is there? What argument is there that this House, suddenly having been advised of an escalation of \$15.9 million, should not now have a very close enquiry, careful enquiry to see to it that these escalations do not continue? Do we want to find ourselves in the position that the present administration in Manitoba found itself in when it suddenly took over the Government? They found that the Manitoba Development Fund had agreed, with the approval of the Government of Manitoba and, after careful feasibility studies, had agreed to build a mill at The Pas, in Manitoba, for a total cost, of the whole enterprise, of \$80 million. When they got into power, before the mill was finished, even close to being ready for production, they suddenly found that it was going to cost \$135 million. They have not as yet been able to find out the names of all the owners and the promoters of this enterprise.

They had their feasibility studies, but regrettably the Manitoba Development Fund Organization and the then Administration in Manitoba did not have the control that they should have had over the expenditures on these mills. What did they find? They found that the cost had gone out of hand. Do you turn back after you have put in \$80 million of the taxpayers money and say we will wash that down the drain and forget it? You cannot do it, so they had to find another \$55 million and then some, because they are not finished yet. The thing is that when this complex is completed, they have pretty well come to the conclusion already that it is not going to be a viable operation, viable in the sense of being able to carry this additional debt load. It either means continuous subsidization or the forgiveness of millions of dollars worth of debt.

Just two or three facts from Manitoba: Its loan commitments

in the forest products project at The Pas apparently have escalated to a very remarkable \$90 million. As recently as last August, indications were that the loans for the project would not exceed forty or fifty million dollars. Eight months later it had gone to \$90 million, not finished, \$135 million necessary to complete it. The total estimated cost recently thought to be no more than \$100 million was at least one third raised by the private owners, which they did not do. It is now up to \$135 million.

Many of the fund's records relating to the project, invoices etc. now appear to be kept in New Jersey rather than in Winnipeg. An office in another country is a highly inappropriate location for the records of a Provincial Government operation.

Then Douglas Fullerton, a native of this Province, a great economist and a man who has been financial adviser to the Trudeau Administration, who played a great part in revitalizing the Cape Breton Development Corporation, made a comment and I quote. He said, referring to Manitoba, and how applicable it is to this resolution and to this problem, he said, "the less of a veil of mystery there is around the Funds operation, the less criticism there is likely to be." This is what this Resolution is all about. It says to this House, "lift the veil of mystery that surrounds the establishment of the Javelin Enterprise in Stephenville and in Lake Melville." Lift it. Tell us, not only that the costs have escalated, give us, this House, the details why. If this House is scared that confidential information will be made available to the competitors of Javelin, restrictions can be imposed on the Committee so that this information can be kept confidential."

Wherever we turn, here is a headline in a recent Nova Scotia paper, a recent edition of the "Mail Star" referring to that heavy water plant at Cape Breton that is so often referred to in this House. The headline says, "Plant Kept Changing From Prince Into Frog." When you read that story, as it unfolds, there is some sort of commission enquiring into it now, they even had the (you know it sounds very close to home) official

opening of that plant. At one time it was appropriate, when the voters were going to be called upon to approve or disapprove. That was in the '67 election I think it was. They all came down to Glace Bay from Halifax, Ottawa, Toronto and New York, even a Nobel Prize Winner, and points in between, and gathered for the official opening on May 1, 1967. This may have been very ominous or should have been to those around there, that the whole plant was lost in a fog that day.

Can we not learn by the misfortunes, I was going to say the mistakes of others, but by the misfortunes of others? Last session, you, Mr. Speaker, made a first-class speech in this House. You pointed out that all the legislation in the world relating to the Melville project is a waste of good paper, all the feasibility studies is a waste of good time, unless the Government is prepared to supervise to the very last nail the construction of that plant. That does not simply mean doing, as they now have to do in Manitoba, bringing in a firm of consulting engineers, like Dick and Company or any other firm, after the project is underway. What it means is, when you are spending ninety or one hundred million dollars, that you have on site, not just an engineer, not just one engineer, but this is the big project for Dick and Company, if they have the personnel and the support personnel to maintain it, who must approve every bit of work that is done there and must satisfy themselves that it meets with the plans and specifications.

There is no point in retaining John Jones C.A., of a firm of Chartered Accountants, and say go out and check the books every day. That is not the kind of checking that you, Mr. Speaker, so ably and fearlessly referred to. The kind of checking that you, Mr. Speaker, referred to is the only sensible kind. That is, that there is a branch office of some firm of auditors on the site, who will daily check the expenditures against the cost. If certain costs escalate, because of an increase in the cost of living, if food goes up or transportation goes up, they are satisfied that this is unavoidable and they approve it. None of this is being done

Mr. Speaker. Certainly, if it is being done that veil of mystery has not been lifted and the people of Newfoundland have not been told that it has been done.

Mr. Speaker, last year at the opening of the - not the opening of the mill, but at one of the signings, on April 3, 1970, there was a signing in Stephenville witnessed by the Hon. Minister of Mines, Agriculture and Resources and the late Hon. Minister of Labour, Mr. John Rossini, a vice president for Javelin, said about \$100 million would be spent at the mill site here and the remainder of the proposed \$120 million would be spent on equipment in Happy Valley, where wood for the mill is to be cut.

What is all that about? Did Mr. Rossini know, on April 3, 1970, that the cost was going to go to \$125 million? If he did, he is to be commended for telling us. When you have an open-ended guarantee, the sky is the limit. Why should the construction company be concerned about the cost? It is of no concern to them, why should it be? No Mr. Speaker, apart from the lack of supervision, and this is what this resolution is all about, and apart from the fact that we have not received any clear, definitive statement as to why the costs have escalated so rapidly, it cannot be blamed on the cost of living, of that we are sure. It cannot be blamed on the increase in interest rates, of that we are absolutely certain. There has to be some other solution. It is not tight money, again we are absolutely certain of that. There must be some other unknown reason, but apart altogether from that, the other thing that is becoming increasingly discouraging and increasingly dangerous, is the fact that other people are getting security over the harvesting facilities and are registering their securities down stairs in this building, right now.

We are not talking about one overall unit that suddenly can be picked up as security for our debt. That is not so and that too does not go to the viability of the project, it goes very seriously to the security that we have for the project.

Again on the question of viability: What assurances do we have that - in fact, we heard yesterday of the dangers, the growing pains and the doubts that have been experienced, and the fears that are being incurred as to the ability of this company to harvest 500,000 cords of wood this year. This plant is supposed to go into operation in 1972, Mr. Speaker. There can be no doubts at all that that plant must have on site, on the day that the switch is first turned, sufficient supplies to insure continuous production of products out of that mill.

Again, what has happened to the ships? This is an old argument. It is an old question that has been raised, a question that has not been raised without some good reasons. One of the finest speeches and and comments made in connection with the whole Javelin project, and one that raised many doubts amongst those who were then promoting it, was made by the hon. the senior member for Harbour Main, when he questioned and described the navigational hazards that these large ships would encounter going in and out of Goose Bay. His thoughts and his fears were confirmed by the hon. the Minister of Fisheries. At that time we were told that that had been taken care of, that captain somebody, (I have forgotten his name now) he had been down and he had made a careful survey and there was no doubt that these large ships could get in and out of Goose Bay. The suggestion that the navigation season was only going to be of short duration was not quite right, and there was some dredging to be done.

The hon. the senior member for Harbour Main obviously was right, quite correct, somebody listened to him and that was scrapped. Even though that was one of the reasons why Mr. Doyle had unlocked the door to Labrador, which Crowns - Zellerbach could not unlock, which Bowaters could not unlock, and which others could not unlock, when they were trying to get their hands on Labrador wood, this great concept of shipping the materials in Goose or Melville, blowing the chips on board these large tankers, blowing them ashore in Stephenville, the fast turn

around to take advantage of the short shipping season, that went. Now there is something between a liberty boat and something else that is going to be used to bring logs in the traditional manner, and the chip plant is going to be in Stephenville.

Maybe that is the proper solution. Maybe it is still viable, but surely this House - I am sure that any hon. member on the other side of the House must be just as anxious, and just as eager to be satisfied beyond all reasonable doubt that, not only are we getting full value for our money, but that a mill, with escalating costs, will still be viable, will still be able to carry this additional debt load and that we have the security intended. I say to this House, that, as far as one-third of that operation is concerned, the harvesting, we do not have that security. That is public knowledge and is downstairs in the bowels of this building.

Mr. Speaker, there has been no indication from the other side of the House whether they would vote against this resolution. My guess is that the hon. members will welcome the resolution, and will welcome the opportunity, not only to enlighten the House, but obviously if forty-two members, or thirty-eight or however many of us are left in this House at this time, are to be called upon to approve any legislation or to continue to support the legislation, then we are entitled to know what it is we are supporting. That is one thing that Newfoundlanders and hon. members of this House do not know at this time. They do not know if this is going to be another heavy water plant, or another operation at The Pas, whether or not it is going to be a viable operation or whether or not they got good value for every dollar or credit dollar that they have pledged.

MR. MARSHALL: This resolution, which regrets the inability of the Government to control the costs of the Javelin Paper Corporation, is certainly well taken. I think this House can certainly also regret the fact that the report of the escalation and the cost of this project

became known to the public through the prospectus, which was filed for the purpose of the recent borrowings of the Government. This is indeed unfortunate. One is left to wonder as to what the reaction is, since the prospectus is put out for the purpose of convincing people that their investment, their proposed investment, is a good one. It is a document that has to reveal the whole and entire truth. One can only wonder what a prudent investor reading over this prospectus would think, particularly with respect to the Government's representations concerning the linerboard mill. It is very alarming to see a statement to the effect that the cost of this linerboard mill has increased, in a little bit over a two year period, by an amount equal to about twenty per cent.

We are not talking about a pair of shoes. We are talking about a huge and gigantic project, economic project which is going to pledge the credit of this Province for a good many years. When you look at the breakdown that was provided in this prospectus it becomes even more disconcerting. We are entitled to know, the people of this Province are entitled to know, in addition to being informed of why it was necessary to make this known, these facts known through a prospectus rather than before this House in the first instance, the people of this Province are entitled to know why the cost of construction and furnishings of equipment have gone up by \$3.6 millions. This is a large amount of money in the period involved, from the time when the arrangements were first made until now.

I note, with a certain degree of alarm, the wording - according to the latest estimates the mill has escalated by \$15.7 million. I hope that since the latest estimates it is not any more than that right now. When we get back to the item making up this \$3.6 million, being the cost of construction and equipment, we are entitled to know whether this is a legitimate escalation in the cost of the project, or whether this increase

of \$3.6 millions has been caused by lack of planning on the part of the promoters of the project. Consequently, if this is so, why the Government was not aware of it, why the Government did not steer it much more skillfully?

\$3.7 millions of this also is due, it is expressed in the prospectus, to increased interest and banking fees during construction. Surely we are entitled to an explanation with respect to this. Are these holding fees because of delays in the project? Has the increase of \$3.6 millions - is this in any way referable to an appreciation in the risk of the project itself, as a result of which more money has to be paid to the bank?

Then we come to another segment of this increase in cost, \$4.3 million. We are told that this is for additional and alternate facilities. This is rather alarming. Additional facilities are needed and one asks what type and what value? Feasibility studies were taken at the inception of this project itself. When you have to have, now at this stage, a very short period of time after, and additional \$4.3 million spent to bring

MR. MARSHALL: in additional facilities. Then, we, also have listed an amount of \$1.6 millions of dollars which this Government, through its prospectus, styles as miscellaneous contingent items. \$1.6 millions is not just pin money. It certainly should be explained in greater depth what this \$1.6 millions of dollars are for: What it is being used for and why this increase is there?

Then when you come to pollution, the reduction of pollution caused by the affluence of the plant itself, we have an item of \$2.5 millions. The question that we ask, why was not this contemplated before? We know we have seen instances that we have a Government that operates only with respect to these types and matters and crises to crises, when they occurred. I would like to know whether this additional \$2.5 million to cure the pollution is a result of (a) lack of planning in the first instance, or (b) it was known at the time, in the first instance, that the risk was there and the risk became even more aggravated, so acting in the crises, the extra \$2.5 million was required to be put in. We would also like to know why this extra amount is there? At whose instigation is it? Is it at the instigation of the Federal Government? Or is it at the instigation of the Provincial Government or, indeed, is it at the instigation of the benevolent promoter who controls this particular project and controls so much of Newfoundland itself?

No, Mr. Speaker, the fact, the terrible fact is that a project originally, a few years ago, estimated to cost \$75 millions, has appreciated by approximately twenty percent in the cost. We must have an explanation with respect to this. There were obviously, at the time, doubts, incorrect estimates made. Now we need to have an in-depth feasibility study conducted, in view of the twenty percent of appreciation in the cost, in order to determine once and for all the feasibility of the project itself, not only because of this cost, but also because of the rather alarming admissions by the Minister of Mines, Agriculture and Resources, yesterday, to the effect that he has some doubts with respect to the supply of the raw material in Labrador itself.

MR. MARSHALL: All of these are matters that have to be looked into. This Resolution is certainly one that ought to be supported by everyone in this House. It requires the type of action that every individual in this House would take, if he were embarking on a business venture of his own, on his own personal business venture. The public of this Province can expect nothing less than for us to act in the same manner with the public's money, as we would with our own.

MR. SMALLWOOD: Mr. Speaker, before the hon. member who moved the Resolution closes the debate, I want to say very, very briefly that I see no necessity for the adoption of this Resolution. I see no necessity for the type of action that is suggested in it. I do see the need for careful scrutiny and checking on the work of construction of this great paper mill. I do not see any need for a Select Committee to be appointed to do it. I do see the need there is for the the Government to do it. I see it as the duty of the Government to do it. It is a clear and bounded duty of the Government to do it, not that we as ministers can do it ourselves, any more than this House could do it as individual members of the House. It should be done by experts. It is being done by experts, two kinds of experts. One are engineering experts and the other are experts in account and auditing. Two excellent concerns, two very, very good companies, expert and experienced, highly recommended, are doing this work for the Government, in fact for the people of Newfoundland.

Peat, Marwick, Mitchell have gone to England not once, but repeatedly. They have gone into the offices of the construction contractors, the McAlpine, the company, Sir Robert McAlpine and Sons, I think, it is called. They have seen the tender calls put out by the McAlpine people for the supply of equipment and machinery for the mill. They have gone to the firms that tendered. They have discussed matters with those firms in England, the many companies, that is, that are fulfilling contracts with McAlpine for the manufacture of the equipment. They have gone and they have checked all payments made out, all payments issued, all payments made. All payment made in the building of the mill have been individually inspected, audited and okayed. This is the great firm of Peat, Marwick, Mitchell, International Auditors, Charatered Accountants. They conduct a most meticulous, a meticulously detailed

MR. SMALLWOOD: audit of every dollar of expenditure in the construction of the paper mill. A meticulously detailed audit of every dollar of expenditure in the construction of the mill is being carried out regularly, not once, but repeatedly as an on-going thing, as a continuous, well not continuous but continual procedure. They go back and forth repeatedly to England, back and forth repeatedly to Stephenville. Now that is to the monies being spent.

They are doing that for us. We retain them for the purpose. We are their clients. They are not working for the McAlpine Company, the contractors. They are not working for the Javelin Paper Company. They are not working for the engineers who designed the mill, E. and B. Cowan. They are working for the Newfoundland Government. They have been retained by the Newfoundland Government. They are answerable only to the Newfoundland Government, only to this Government, because they are our agents, they are doing the auditing, a very great firm, Peat, Marwick and Mitchell and Company.

The engineer firm is Dick Engineering of Toronto. We, in looking for an engineering firm to represent the Newfoundland Government and do for the Government in engineering what Peat, Marwick and Mitchell were to do in auditing, to do that kind of thing, but in engineering, in searching for a competent company and one that would give full time to it, we sought information and the Dick Company were most highly recommended to us. I, myself, telephoned to the United States and to the various cities in Canada, to the Presidents and to the General Managers of six or eight famous industrial companies in the United States and Canada, six or eight of them. I went to their top men. I telephoned them, myself, I did personally, and asked for their references. I was checking the references that had been given to us by the Dick Engineering Company. Naturally, I just did not take their own word, I checked on their references. They gave a number of references. I telephoned to each one of them, the heads of them, the Presidents, the General Managers and said; "what do you know about Dick Engineering?" Without exception they gave the highest recommendations of that company. So we got a very good company, we succeeded in getting a very good company and that

MR. SMALLWOOD: company had gone back and forth continually to England. They have gone continually to the engineering offices of the McAlpine Company in England, in London. They have gone again and again to the factories and plants that are manufacturing the equipment for the mill. They have gone personally -

MR. MURPHY: at least he adjourned the debate. I thought he was going to make one or two statements on the thing, and that is why I let it go on. But, I am just wondering, Sir, to -

MR. SMALLWOOD: Well, if I did I will apologize to the House. I thought I was speaking for the first time in this debate. I thought I was. Maybe I am wrong.

MR. MURPHY: I thought it was just a short statement. That is why I did not think it was adjourned yet.

MR. SMALLWOOD: No, no, I do not think I spoke before. I do not think, Did I? Did I? Well, in that case, unless the House is willing to let me finish, I will sit down.

MR. MURPHY: I am just wondering.

MR. SMALLWOOD: I do not want any privilege, I thought I was speaking for the first time. I am giving information that perhaps the House would like to have.

MR. MURPHY: Yes, but I mean, if the Premier keeps on for another three minutes.

MR. SMALLWOOD: No, no, I can finish. No, no, not at all, not at all, five minutes.

MR. SPEAKER: I must say I did not realize then who had adjourned the debate, when the order was called again this afternoon. But, obviously, if the hon. the Premier has spoken before, and if he adjourned the debate, well then he should have, the person who adjourns, his speech must be continuous and he should continue on. Therefore, he did not have any more right, after somebody else has intervened and spoken in between. I think this rule is quite clear. I was not sure as to who had adjourned the debate. I remember the hon. the Premier had spoken before on this.

MR. MURPHY: I would just like it clarified. I do not want to be obnoxious, Mr. Speaker, but I thought the Premier had just one or two remarks to make. But, he has gone on now going into ten minutes. The hon. the member who moved the motion may not even get a chance to speak on it. This is my only concern.

MR. SMALLWOOD: I deeply appreciate the courtesy of the House, I had forgotten completely that I spoke to the motion before. I certainly had forgotten that I had moved the adjournment of the debate and, if I had known that, I would have spoken first when the debate was called this afternoon, because I had the right to do that. But, once I did not exercise the right and some other members spoke, two or three have spoken, then I lost my right to do it and, in speaking now, I am really trespassing upon the rights of the House. But, this was done without intention.

Well, I only need three, four or five minutes more.

MR. SPEAKER: Will the hon. the Premier continue by leave?

ALL HON. MEMBER: By leave.

MR. SMALLWOOD: The Dick Engineering people go constantly, repeatedly, to London to the McAlpine Company and to the factories and mills where the paper mill equipment is being manufactured. Thirdly, Sir, E. and B. Cowan, who are the engineers who designed the mill, are there constantly watching, not in Newfoundland, in the Government's behalf, but in the behalf of Javelin Paper, continually watching to see that the mill is built according to specifications.

Now all three are working closely together. I want that fact to be noted, the Chartered Accountants, Peat, Marwick and Mitchell, the engineers employed by the Government, Dick Engineering of Toronto and the engineers who designed the mill, E. and B. Cowan, and who represent the owners, the Javelin Paper Company, all three are operating closely together, so closely in fact that the other day the engineers from Dick and the engineers from E. and B. Cowan came down to see me. I called in my colleagues, some of my colleagues, and we got an oral report of some things that they wished to report to us that they wanted changed. They reported two things to us (1)

MR. SMALLWOOD: that they wanted several things changed. They had seen the contractors and the contractors had agreed to change; and (2) that they were slightly behind in the schedule, Slightly behind in the time schedule of construction. But, they told us, and I was happy to hear it, we were all happy to hear it, that they believed that now, with weather and so on and one thing and another happening, that, they would soon overtake the lost time. That is to say, they would bring the thing up to schedule again.

So that we are quite confident in the Government that the auditing is going on competently and efficiently. The checking and auditing of the money that is being spent to build the mill, that is going on constantly by Peat, Marwick and Mitchell. The checking of the engineering, the letting of contracts, the construction of the machinery, that is being checked constantly by our engineers. Finally, the company's own engineers who design the mill, E. and B. Cowan, are constantly checking the construction, to see that it is exactly as contracted for. The three of them, our two firms, and Javelin Company, are working closely together, so that we are satisfied that everything is being done that ought to be done, that can be done and that this House, even if it adopted the motion and a Select Committee were appointed, could add nothing, nothing at all, not the cupit, nothing, could add nothing to the efficiency with which the matter is now under careful control.

So I will for one vote against the motion. I have not taken the five minutes additional, but I thank the House for the courtesy of letting me make these few remarks. It is not enough for the hon. member who moved the motion to be willing to take out the phrases that condemn the Government, that is not enough. That is not the essential thing. Whether the Government are condemned or not, in the wording of the Resolution, is not what is important. What is important is that the Resolution asks the House to order that a Select Committee be appointed to look into this. There is no need of it, that is the whole point. It is the lack of need to do it. The need will arise, only if the Government fail to have the best brains that it

MR. SMALLWOOD: can buy do the work that this Resolution talks about.

This is already being done by highly competent firms and the Government are quite sure that the most efficient kind of checking is being done.

MR. CROSBIE: Mr. Speaker, we want to finish this debate this afternoon so I only want to summarize, but despite what the hon. the Premier has said, I feel and I think that some members of the House will also feel that there is need for this Resolution to be passed and there is need for a Select Committee. Because the point of the Resolution is not just that the Government now has, and we hope that what the Premier says is correct, that they are now properly supervising the carrying out of this project, Dick Engineering and Peat, Marwick and E. and B. Cowan. We certainly hope that is so. But the Resolution does not just ask for that, the Resolution basically asks for information. The need of the Resolution is caused by the fact that the Government does not give this House nor the people of Newfoundland information on this project or most other projects.

MR. CROSBIE:

The Resolution asks the Select Committee to inquire into and report back on the status of the project, progress to date, including the manner in which the Government is supervising the carrying out of the project by Javelin, the steps now taken to ensure no further escalation of costs, to report on the economic feasibility of the project, in view of the said increased costs and the possibility of further increases in costs. That is what is asked for and we have not had any information on the matter set out in the Resolution. We have not had any information, Mr. Speaker, on what the feasibility project now is, in view of this twenty per-cent increase in costs. We just have not had it. We have not had any explanation of why these costs escalated. We have not had any breakdowns. You see the Premier never answered this point. The only information we have on all these matters is what is contained in a financial prospectus. If that financial prospectus had not been filed in March 1971 the people of this Province, Mr. Speaker, would still not know that the Javelin Project had increased in costs \$15.9 million since last year.

Now that is just not playing the game. That is just not the proper way to operate. Since this House opened on March 22, the Government has not enlightened us at all. In this debate the Government has not enlightened the House at all nor the people on why these costs went up \$15.7 million last year. We got two pieces of information from the Premier, on the debate. One was that the fish plant at Stephenville will be moved. If it is shown that the odor from the fish plant affects the linerboard, then the fish plant operators agreed to move it. That was one piece of information, and some second piece of information of very little importance, but on the important points, on the question of what are these costs that increased, we have been told nothing. The Premier has not explained what the \$3.6 million increase in the cost of construction was. The Premier has not denied and has not confirmed that all the machinery and equipment coming from England has had to pay customs duties. The fact that it is not denied means that there must have been custom duties

MR. CROSBIE:

imposed, which increased the cost. This is very relevant in relation to the oil refinery at Come by Chance because I have stated the suspicion, Mr. Speaker, that there is going to be ten, fifteen or twenty million dollars in customs duties that the people of Newfoundland are going to have to pay on the machinery at Come by Chance, which is coming from England, financed by ECGD, the same as the machinery and equipment for Stephenville is coming from England financed by the ECGD. The Premier gave us no information on that. The Premier has not explained what the increase in financial charges is, the \$3.7 million interest and banking fees. Why should they have shot up in the last year when interest rates have gone down?

The Premier has not said what additional and alternate facilities are being constructed for \$4.3 million. All of those questions remain open. Now, Mr. Speaker, if you just cast your mind back, here is a clipping for example, the whole trouble with this whole project is the lack of information. Here is a clipping from the paper November 24, 1969, the "Evening Telegram," "Premier Smallwood, on behalf of the Newfoundland Government, guaranteed two loans totalling \$41.1 million in London Friday, at the official signing of all documents covering the Melville Pulp and Paper Project." So there in November 24, 1969, we were told \$41. million guarantee. Further down in the same article there is a comment of mine on a statement that I made, "Mr. Crosbie maintained the public is entitled to see these present agreements. How much is now being guaranteed? Is it just \$41. million?" I suggested that it would not be \$41. million. That was November 1969. A statement made at the same time is this, "Melville's plan is to harvest 850 thousand cords of pulpwood annually, from the black spruce timber: 550 thousand cords for the mill, with 300 thousand cords sold to European countries."

What has happened in the last year at Melville? There was cut altogether in the Melville area last year, according to the information given in the House, 75,000 cords, only 75,000 cords, and exported from Melville

MR. CROSBIE:

in the last two years 21,000 cords. Well, does this auger well, Mr. Speaker, for the situation that in a year's time 550,000 cords are going to have to be delivered down to Stephenville, cut in Labrador and delivered there? Now since these things have been mentioned in the House, the Premier admitted yesterday that he is concerned about the logging operation at Melville, that he thinks this is a weakness. Well this is obviously so, an obvious weakness, Mr. Speaker, and there should be more information given on that. How that is going to be overcome? That was November, 1969, and these were just a couple of random clippings.

By the way, Mr. Speaker, these documents that were signed in England, in November 1969, the public forgets that in June 1968, when the Federal election was on, that there was a great ceremony held on the eighth floor, we are on the ninth, on the eighth floor, one floor down, a tremendous ceremony covered by the televisions, press and everything else, about thirty gentlemen from all over the world, sitting around the Cabinet table, signing documents. What documents were they supposed to be? The Melville Project. That was in June 1968, when the Federal campaign was on, when in reality there were no documents signed at all, they signed blank pieces of paper. It was just a stratagem during the Federal election campaign. Well, November, 1969, documents were signed.

Now January 29, 1970, "Evening Telegram," the announcement by Canadian Javelin on this whole project. They are still saying that the Government guaranteed loans totalling \$41. million, that was January 29, 1970, still they are saying \$41. million guaranteed by the Newfoundland Government. They admit that under the Legislation the Government was to guarantee \$53. million, and when we got in the House last year and a similar motion to this one was moved by me last year, Mr. Speaker, it turned out, when the documents were tabled, that the Government had guaranteed \$66. million or a net of \$58. million, \$66. million, which was explained to be a net guarantee of \$58. million. Now when the House comes back in 1971, after we get this prospectus from New York,

MR. CROSBIE:

we find out that the guarantee is \$75.3 million, not \$41. million, not \$53. million, not \$58. million, not \$66. million but \$75. million. So certainly up to this point the Government has been very slack in controlling the cost of this.

Now what did this announcement from Javelin say? According to Mr. Weismer, he is the president, I believe, of Canadian Javelin, this must be a misquote, "Approximately 700,000 tons of wood fiber is scheduled to be shipped to Western Europe by Javelin Forest Products Limited this year, in 1970." Now we know that there were 75,000 cords cut in 1970, all that wood was going to be shipped to Western Europe that year. This wood is being shipped in bundled units, this is what Mr. Weismer said, using the new technique, pioneered by Javelin Forest Products, of bundling the pulpwood by use of steel strapping. This facilitates a more efficient handling of loading and unloading large ships. Well, that was complete cock-and-bull. There was no such tremendous movement of wood fiber to Western Europe by Javelin in 1970. In fact, in two years; 1969 and 1970, there were 21,000 cords shipped out of Melville and 75,000 cut last year. This is why we are trying to get information, not the cock-and-bull stuff that is released by the Government and the Company about this operation.

January 30, 1970, the same newspaper, the "Evening Telegram." The spokesman for Javelin Forest says that their winter operation is going ahead full blast, this was 1970. According to Robert LeBlanc, the wood superintendent, eighty-five men were then employed. Originally the company had planned to debark and slash the wood all winter long but, according to Mr. LeBlanc these plans changed because we could not debark frozen wood. "Slashing and debarking will be resumed as soon as we can get good debarking results, probably in April some time."

Now if these are the problems that came up in 1970, you could not debark frozen wood, what is going to happen when the plant at Stephenville

MR. CROSBIE:

has to have 550,000 cords of wood to keep in operation or in 1973, if not next year? I do not doubt that the Premier is now very concerned about these logging operations, He certainly should be about the logging situation in the Melville area. We heard the Premier yesterday speak on that and speak on the housing situation down in Happy Valley-Goose Bay Area. These were all problems that I raised and others raised three years ago. They were raised when I was in the Cabinet even. Yet now the Government realizes that this is a serious problem, number one, to get loggers down there when five or six hundred are needed and, number two, to house them, and who is going to pay for it? As I remember the E and B. feasibility study -

MR. SMALLWOOD: They would need an awful lot more than five or six hundred loggers to cut half a million cords of wood.

MR. CROSBIE: Right, one would think so.

MR. SMALLWOOD: They would need about three thousand anyhow.

MR. CROSBIE: Well, if it is three thousand, there is a tremendous cost involved there somewhere.

MR. SMALLWOOD: They would be lucky to get away with that number.

MR. CROSBIE: Well, in that case there is a real problem because there is no sign of any housing for five hundred loggers much less three thousand and there are no costs allowed for, in that feasibility study, for housing at all nor bunk houses and, in fact, the amounts allowed for building roads down in Labrador was a very small amount.

So there are all these questions, Mr. Speaker, on which the House has not been given any information. Just a list now to summarize; there is the question of the transportation charges, which have gone up from \$3.30 a cunit. According to the information given to the House, it is now \$5.50 a cord to transport the wood, almost double what the original estimate was. We have not been told, the House is not told what transportation company has entered into a binding contract to move these logs for that figure, \$5.50. We should be told.

MR. CROSBIE:

This is central. If you cannot get the wood from Goose to Stephenville at an economic price, the enterprise is going to be in serious trouble. We are not told that. Where the documents are tabled, after a considerable effort on the part of the Opposition last year, there were documents tabled and there was another document finally tabled this year. The law calls for it, yet when you look at the documents that are tabled, they are only partly complete.

Here is a document, the Guarantee Agreement, Mr. Speaker, dated November 21, 1969 and, when you read through the agreement, it refers to all kinds of other agreements that are supposed to be attached to this, as a schedule, and this agreement is practically useless without all the other agreements. When you look at the schedules, what do you see? Blank sheets of paper. For example, Schedule A is supposed to be the construction contract and that is supposed to be tabled in this House. There is Schedule A, "An agreement made the (blank) day of (blank) 1960 (blank) between NALCO and Sir Robert McAlpine Company Limited and McAlpine and Newfoundland Limited," and then you go on down to, "All details of the said agreement may be obtained by reference thereto," and the rest of the page is blank. The construction agreement is not filed and it is the same with a whole host of the agreements that are supposed to be tabled for the information of the public and the members of this House. They are not tabled at all.

I will just list the ones that are supposed to be attached to that document and which are not there at all, the law has been violated: the lease of land at Goose Bay, the lease and sub-lease of land at Stephenville, the concession agreement, the agreement or agreements for the harvesting facilities, the construction contract, the equipment purchase contract, the engineers agreement, the working capital agreement, the financial agreement, the marketing agreement, all of those documents.

MR. MURPHY: When was that date?

MR. CROSBIE: Which? This guarantee agreement is November 21, 1969 and

MR. CROSBIE:

these agreements are supposed to be attached to the schedule, but they are not there and they are not tabled in the House. We do not have them. The marketing agreement, financial agreement, working capital agreement, engineers agreement, equipment purchase contract, construction contract, concession agreements, these are the central agreements, agreements relating to the transportation of wood chips, of course there are not any wood chips now anyway. Schedule E to the agreement lists all the documents that are supposed to be approved by the Government and executed by the parties before the Government gives it guarantee. There are fourteen documents listed and none of them filed in the House of Assembly. These are all supposed to be signed and approved by the Government before the guarantee was given, yet none of them are tabled in the House here at all.

So is it any wonder, Mr. Speaker, that we have a Resolution down that we get some information on this project? We just do not have the information and when in the last twelve months our worse fears are found to be well founded, that the costs are out of control, that they have gone up twenty per-cent and we put another Resolution down this year, the Government again says there is no necessity for it. Last year we were told, in this House, the Premier when he replied to my speech, there was a trashy motion and all the rest of it, there was no need of any of it, that we had all the information we needed. Now, twelve months later, we discover that all my worse fears were well-founded. It has gone up in cost twenty per-cent, \$15.7 million. There has not been adequate supervision. There has not been an adequate check and when a similar motion is brought again, the Premier says; "There is no need of it. We have Dick Engineering." Well, why was Dick Engineering not gotten before November, 1970? They were brought in after the, what is it? "Barring the stable door after the horse has been stolen." They were brought in about twelve months too late. We are glad to have them now and we hope they do a good job. Now Peat, Marwick are checking the accounting situation, They are good people.

MR. CROSBIE:

You see it is a peculiar thing, Mr. Speaker, that five former Cabinet Ministers, who were in the Cabinet when this agreement originally started; the hon. member for Fortune, the hon. member for Burin, myself, the hon. member for Bonavista North and the former member for Humber East, all supported this motion last year and the three who are in the House today, I believe, will support it this year, and we all know something about the project as we were there from the start. The reason why we are concerned about it is that we were there from the start and that these were the problems from the start and these are the loopholes that were not looked after from the start. We were all in this House when all kinds of information was tabled in 1967, construction contracts and the like, Corfu and the French people, Ensa, Schneider-Creusot Bank and all these, and these documents have not been filed since, all the recent ones have not been filed since.

Then we learned the other day, from the Minister of Mines, Agriculture and Resources, a most startling fact, last night. The Government of Canada actually has the gall, and they are supposed to be out to help the regionally disadvantaged parts of Canada, to be arguing with our Government about \$42,156. in stumpage fees. Now the cutting being done up at Melville at the moment, Mr. Speaker, is being done on land, or some of it anyway, that was leased to the Government of Canada for the Goose Air Base and it comes back to us sometime. I do not know when the time limit is up. But Melville is cutting logs up there and they owe \$42,156. in stumpage, and the Government of Canada is actually so small, or somebody in the Government of Canada, that they are saying that these few dollars in stumpage fees do not belong to the Government of Newfoundland they belong to the Government of Canada. Well, what next are we going to hear? I mean it is all so inconsistent. Pardon?

MR. CALLAHAN: What next?

MR. CROSBIE: The Minister says what next.

MR. CALLAHAN: (Inaudible).

MR. CROSBIE: That is what the Minister told the House. The Government of Canada argues that it is their wood that is on land that they have leased and they are trying to get the \$42,000. and the Government of Newfoundland

MR. CALLAHAN: That is not true.

MR. CROSBIE: Well, if that is not -

MR. CALLAHAN: They are only claiming what they feel is their title and their right.

MR. CROSBIE: Well, I say that they should not be pressing what they feel to be their title and their right in this situation. They have a lease on land up there for defense purposes, what are they trying to collect stumpage for, for Forest Products?

MR. CALLAHAN: (Inaudible).

MR. CROSBIE: Well, I hope that you are going to press that because we need every cent we can get, whether it is \$42,000. in stumpage or, I will not mention anything else. So that is another problem up there. The Bowaters guarantee that the Premier mentioned yesterday, Mr. Speaker, is not in the same, (it was not the Bowaters guarantee), the International Pulp and Paper guarantee in respect of the Corner Brook Mill -

MR. SMALLWOOD: No, Newfoundland Power and Paper.

MR. CROSBIE: Newfoundland Power and Paper is not in the same class as the guarantee we have given Canadian Javelin. That was a guarantee of a specific amount of money for which we got a second mortgage. Here the Government of Newfoundland has guaranteed the cost of this whole operation, that it is going to go there. It is an unlimited, open-ended guarantee. It is up to \$75. million now and as the hon. member for Fortune outlined in the House earlier, "There are all kinds of other monies being spent by the Government of Canada and by us in connection with it." They do not have to build a townsite, Javelin does not have to build a townsite, they do not

MR. CROSBIE: they will not, if this policy goes through, have to build logging roads. They are being saved many expenses.

We are doing far more for Javelin in connection with this project than was ever done by a Newfoundland Government for any pulp and paper or linerboard mill project before. It is just as well to face that and admit it.

The fact that the Government now have experts checking on all of these points of concern, accounting and engineering, does not meet the point of this Resolution. The point of the Resolution is; we do not get from the Government information, we are not getting information, the Government has not answered the questions that we asked in the House on this project.

The same thing is true not only on this Javelin project but on the great project at Come By Chance. We saw in the paper yesterday that several hundred men are going to be employed at Come By Chance, in construction, they are employed now. But we did not see in the paper yesterday any statement from the Premier as to whether or not the people of Newfoundland are going to have to pay custom duties on all the equipment that is going down to Come By Chance, not a word, nor what the true position is on the wharf. The larger the project gets, the more reluctant the Government seems to be to give the information on it.

A member stands up in the House, Mr. Speaker, and he says this is a bad business, it appears the Government has paid too much for land. The Holiday Inns did, they paid \$50,000 for land that was bought for \$15,000 two years before. Immediately the hon. Premier has a Royal Commission appointed. But we get up in the House and we ask questions about the \$15.7 million increase in costs for Javelin and what are the details and what is the explanation and was it custom's duties and what has happened to the interest or we ask about Come By Chance, which is \$160 million, and I think it is going to come

MR. CROSBIE: to \$200 million all together. We ask the same kind of questions; will the Government permit a Select Committee to be appointed to look into this, or will the Government give the House information? - No. Not a word. Why not?

The only reason why not must be that the Government feel that there are undesirable facts they do not want to come out, particularly in an election year. Now my own feeling about the Javelin project, and I supported it from the start, but I have raised points the same as are being raised in this debate, time after time, because I wanted it to be economically feasible. I do not want the Newfoundland people to be saddled with it, if it turns bad. So we are only asking questions to try and assure ourselves that it is economically feasible, even if it is not, Mr. Speaker. Even if it turns out that it can only operate with an annual subsidy, I would be prepared to go along with that, if the benefits outweigh the costs, which they probably would. I would go along with that but I would like to know about it now and I would go along with it for Bowaters or Price or somebody who is already here, if it turns out that they had to shut down. But we would like to have more information on these things, and that is what the Resolution asks for.

The Resolution should not be necessary. I would have thought, Mr. Speaker, that when the House opened this Session, that the Premier or the responsible Minister of Economic Development, one of his first subjects would have been a statement outlining all the reasons and giving the present status of the Javelin project and that practically the second thing the Government would do would be a statement, an outline on the present position of the Come By Chance project, giving all the facts. But we have not had that and we will not get it and in this debate we have been given very little information.

Nearly all the other points have been mentioned by other members or I mentioned them myself last Saturday, and there is not point

MR. CROSBIE: going over it all again.

What the Premier says does not meet the need that this Resolution stands for and that is for full detailed information on where that project is now and what its prospects are on the chances for further increases in cost. Is that likely? Is it still feasible? Who is going to transport the logs? Who is going to market the wood? Where is the linerboard? Where is the market? These kinds of questions.

These are all the kinds of questions that are not answered and that this Resolution, if it was passed, would have answered because a Select Committee would get the answers and could have public hearings on it.

We have already stated, Mr. Speaker, that we would be satisfied to take out, "be it resolved" to change the Resolution so it would say "be it resolved that this House" and then skip down four lines "request Mr. Speaker to appoint a Select Committee, regretting the inability of the Government to control the costs and deploring the failure to adequately supervise," leave that out and just "request Mr. Speaker, to appoint a Select Committee." But the hon. the Premier has indicated that that would not do any good, the Government is going to vote against it anyway or at least the hon. the Premier is and I would think that all members on the other side, or most of them, would follow his lead. So there is no point amending the Resolution, I am going to vote for it as it stands. It is unheard of in my experience for a Government not to give more information on projects such as this. We are in grave danger of winding up as they did in Manitoba, very grave danger.

The Premier himself admitted yesterday that he is worried about this logging aspect of this operation, and I am worried about three or four more aspects of it, including transportation, housing for loggers

MR. CROSBIE: and the rest of it, but we will get no information, all we can do I guess, Mr. Speaker, is worry about it. We have done all we can on this side of the House, by bringing this Resolution forward, the responsibility is the Government's. It will be the responsibility of the next Government. It is the responsibility of this Government but it is the next Government, that will be elected this year, that may have to deal with serious problems in connection with the operation of that mill and that Government may very well not be the Government that sits across now. The Government that sits across the House here now has a heavy responsibility to bear and will have.

I hope the project is successful. There are a lot of gaps in our knowledge, there are a lot of weak points in it. The project seems to be under-financed. As the member for Burin mentioned, there are a large number of encumbrances and conditional sale agreements registered, in connection with harvesting equipment. Our own Government has guaranteed a loan of \$2,250,000.00 for logging equipment, which appears to be unsecured except for notes of Canadian Javelin Limited. It all calls for enquiry and answers and information and facts. I am afraid we are not going to get it. So, Mr. Speaker, I move, it has already been moved and seconded, that the Resolution be passed.

Those in favour "Aye,"; contrary "Nay." In my opinion the "Nays," have it.

ON DIVISION:

MR. SPEAKER: Will all those in favour of the resolution please stand. The hon. the Leader of the Opposition, Mr. Marshall, Mr. Collins, Mr. Earle, Mr. Hickman, Mr. Crosbie, Mr. Myrden, Mr. Burgess.

MR. SPEAKER: Will all those against please stand. The hon. the Premier, the hon. the President of the Council, the Hon. Mr. Lewis, the hon. Minister of Highways, Mr. Dawe, Mr. Noel, the hon. Minister of Labrador Affairs, Mr. Hodder, Mr. Strickland, the hon. Minister of Finance, the hon. Minister of Mines, Agriculture and

Resources, the hon. Minister of Community and Social Development,
the hon. Minister of Social Services and Rehabilitation, Mr. Canning,
Mr. Barbour, the hon. Minister of Health, the hon. Mr. Hill, the
hon. Minister of Supply and Services, Mr. Moores, Mr. Mahoney,
Mr. Wornell.

MR. SPEAKER: I declare the motion lost.

ON On motion, the House adjourned until tomorrow, May 13, 1971,

at 11:00 a.m.