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**VERBATIM REPORT**

FRIDAY, JUNE 7, 1974

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

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

PETITIONS:

MR. SPEAKER: The Honourable Member for Bay De Verde:

MR. HOWARD:

I beg leave to present a petition signed by 157 voters from Grates Cove. The prayer of the petition is that we the undersigned petition the Newfoundland Government to have the road from the highway leading to Bay de Verde from Grates Cove, a distance of five miles, paved as in its present condition it is impossible to maintain cars and trucks, as every day tires are being spoiled by cuts from shale put on the road.

"This road is our only way of conveyance for all food, oils and anything else required besides transporting fish and fish products. We humbly submit this petition and pray that you will give it your earnest consideration and grant us our request. Otherwise, we will be compelled to move to some other area after hundreds of years situated in one of the best fishing villages in Newfoundland."

Mr. Speaker, there is not very much I can add to what has already been said in the prayer of the petition. I do support it wholeheartedly and urge the government to act and have this road paved as soon as possible.

MR. WOODWARD: Mr. Speaker, we on this side of the House support the petition presented by the member for Bay de Verde for the upgrading of a road from Grates Cove to Bay de Verde. We, Sir, feel that the Minister of Transportation and Communications who is not in his seat - I understand that he is away and the acting minister is away today. He is not here to hear the petition. Well, we feel that as every member in this House has submitted a petition at one time for highroads and upgrading of roads in their district, that the capable, able Minister of Finance will see fit to provide sufficient funds to see that the needs of the people in Grates Cove and Bay de Verde are taken care of.

REPORTS OF STANDING AND SPECIAL COMMITTEES:

HON. E. MAYNARD (MINISTER OF AGRICULTURE AND FORESTRY): Mr. Speaker,

I think it is the appropriate time -

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

The member for St. Georges may have been a little hesitant in rising to his feet but still he wants to present a petition.

MR. DUNPHY: If Your Honour will permit, I do have a petition here which I wish to present on behalf of the citizens in the Codroy Valley and more specifically the people that live in the area of St. Andrews and Searston.

They are requesting the paving of roads linking Searston with St. Andrews and the portion of road running from St. Andrews to the Radio Range, an overall distance of approximately seven miles still unpaved. Some years back, as a matter of fact just about two years ago, there was considerable paving done in the Codroy Valley. At that particular time there was this large section which takes in a lot of farm country, a lot of farms, a very productive area in root crops. This road is used extensively by the people. There has been nothing done with it other than grading which it occasionally gets. That is not too often. I think the time has come when these people should be given consideration in paving programmes.

I endorse this petition. I support it. I hope that the powers that be will see that they do something about it and that possibly we can get it at the latest next year. So, I would like for this to be tabled and referred to the department to which it relates.

MR. STAGG: Mr. Speaker, it gives me great pleasure to support the petition so ably presented by my honourable colleague in the adjoining district of St. Georges. I was under the impression that there was nothing left to be paved in St. Georges and this was a petition to pave some cabbage patches, but I understand there are still a few roads that the honourable member has not paved as yet. Certainly the case he makes for them is very reasonable and I heartily endorse and support the petition.

MR. E. ROBERTS (LEADER OF THE OPPOSITION): Mr. Speaker, the overwhelming eloquence of the gentleman from St. Georges and underpowering eloquence of the member from Port au Port has prompted me to say a word or two of support of this petition. Of course we on this side would like to see it granted. I know that when the member for St. Georges lays down his priorities it will include this particular stretch of road. I think it should.

In supporting this petition, I would like to congratulate the member for St. Georges. I may have done him a disservice and I wish to remedy that. He announced there would be some paving done in his district. The Minister of Transportation knew nothing of it nor had he authorized any announcement. Lo and behold! It turned out that the member for St. Georges knew what he was talking about after all. So, I think that is a cause for congratulations. The Minister of Transportation should hang his head in shame over it but the member for St. Georges should hold his head high and proudly so. I would hope that his record of success with this particular project will be as great as was his record of success with the one he previously announced.

His record of success in the next election will be equaled only by that of the gentleman from Placentia West. So, the only problem we have, Mr. Speaker, with the gentleman from Placentia West is there is going to be a real fight for the nomination to run against him. People are politically trying to kill each other for the pleasure and the privilege of running against the gentleman from Placentia West. Sir, the gentleman from Placentia West could not get re-elected if he were the only name on the ballot down there. That is his situation.

I do want to support the petition. I do think the gentleman from St. Georges made the case well and very effectively and certainly he convinced all of us to support him on it.

MR. MAYNARD: Mr. Speaker, over the past several years the original Department of Mines and Agriculture and Resources, in the last couple of years the Department of Forestry and Agriculture, has been involved in a programme with the federal government to develop a Canada land

inventory which took into account all aspects of natural resource development in the province. The Canada land inventory was plotted out on a series of maps which were quite large. The resource atlas which developed from the Canada land inventory was the type that one could not very well reproduce. I felt that the information contained in the Canada land inventory should be made available on a general basis, so we have been successful in getting a number of resource atlas printed.

The present resource atlas that I have here is a fairly large document. I am sure that all honourable members will be quite interested in the information contained in it. It has been done up in a fairly good form. It is now available for distribution. We just had a ten-wheeler tandem truck back into our place the other day with a full load aboard so there should be enough for everyone.

Unfortunately at this time the data contained in the resource atlas is only for the Island of Newfoundland, because the Labrador area has not been completed although it is still in the works and the resource atlas is done up in such a way that the data for Labrador can be added on at a later date once it is finished. However, it is a good basis for resource planning, land-use planning in the province. I am distributing today to the members of the House of Assembly copies of the resource atlas. They will be distributed free to government departments, schools and libraries across the province. Any copies over and above that obviously will have to get printed at a fair cost, and the cost will be chargeable to any people that want them.

I am very pleased to be able to present this atlas. Now since it is a big document, if the members of the House do not want to take one at this time, the copies are available in the Speaker's office for anyone who does want it.

MR. ROBERTS: Inaudible.

MR. MAYNARD: Well, the cost of printing we are told is between three to five dollars per atlas. So all we would need to recover would be the cost of the printing itself. We do have enough copies at this time to go to all schools and libraries in the province as well as

government departments and the opposition. So, I will table this copy, Mr. Speaker, and anyone who wants a copy can study it.

MR. SPEAKER: Order, please!

ANSWERS TO QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN:

HON. DR. A.T. ROWE (MINISTER OF HEALTH): Mr. Speaker, I wish to table the answer to Question No. 92 of the Order Paper of June 6. (See Index Attached)

ORAL QUESTIONS:

MR. MARTIN: MR. Speaker, a question for the honourable the Minister of Forestry and Agriculture pertaining to the statement just made: Now that we have the resources atlas for the province of Newfoundland, the island of Newfoundland, I was wondering if he could tell us when we might get the remaining sheets for the province's colonial territory of Labrador.

MR. MAYNARD: When the Canada land inventory agreement was signed with the federal government, Mr. Speaker, the Labrador area was not included. None of the northern areas of Canada were included at that time. Northern Alberta, for instance, Manitoba, the Northwest Territories, Yukon, Labrador and Northern Quebec were left out. It was generally the mid and Southern portion of Canada as a whole. It is only in the last year or so that we have been able to do some work.

For instance, the forest inventory survey is being completed for Labrador. We are fairly sure now that the Canada land inventory as such will be extended. The federal people have not really given a commitment to it at this time but the Canada land inventory should be extended to Labrador. In the meantime, we are gathering as much information as we can from a provincial level to get the necessary data on Labrador. I would assume that it is going to take a couple of more years before the type of detailed data that is available for mid-Canada and Southern Canada be available for the Northern parts of Canada.

MR. MARTIN: A supplementary to that, Mr. Speaker. Perhaps I should direct this to the honourable the Premier since it concerns all of the resource departments. Does this mean then that resource development

planning for the whole of the area including Labrador will have to await that land inventory report?

HON. F.D. MOORES (PREMIER): Mr. Speaker, the answer to that is no, absolutely not. In any provincial planning right now, in the commission report Labrador will be as front and foremost as any other part of the province. This was a resource map which was done and I might say that it is an excellent document. I only wish that it had been done - I was disappointed that it was not done for Labrador at the same time. However, any social or governmental programmes that we have now will incorporate Labrador equally if not, probably because of past neglect, more so than any other part of the province.

MR. ROBERTS: Mr. Speaker, a question I guess in the first instance to the Minister of Forestry and Agriculture although perhaps it should have been directed to the Premier. It is about the Reid lands. I wonder if the Well, Sir, I could phrase it a number of ways but the best way would be to ask the minister if he would bring the House up to date with respect to the negotiations between the government on one hand and the Reid interests on the other hand, with respect to the possible acquisition by the government of the lands owned by the Reid Newfoundland Limited.

MR. MAYNARD: We have had several meetings with the Reid interests over the past couple of months, Mr. Speaker. I cannot state exact figures that have been exchanged between the two parties at this time but maybe I should put it this way, that the figures are much closer together. Government has not increased their assessment of the value of the Reid lands all that much. The value on the other hand has decreased considerably. I do feel that we can come to some sort of an agreement. However, it is going to be another week or so I would think before we can make a definitive statement on the matter.

MR. ROBERTS: A supplementary question, Mr. Speaker: Are we to understand - I think we are but I want to be sure that negotiations are proceeding and that they are proceeding on what seems to be a basis that may well lead to an acceptable result, a sale by the Reids

and a purchase by the government of the lands in question. Are we to understand that?

MR. MAYNARD: Well, yes, the negotiations are proceeding on the basis that government will eventually reacquire the Reid lands for a reasonable sum of money. In the meantime, the Reid interests have agreed not to try to sell or sell or try to dispose of any lands they now hold or any properties they now hold until such time as the agreement between government is either worked out or breaks down indefinitely. In the meantime, while negotiations are going on, there is no selling nor disposing of the Reid property.

MR. DUNPHY: Mr. Speaker, I would like to ask the honourable Minister of Agriculture and Forestry a question. I wonder would he clarify this for me and tell me: "Land capability for ungulates"- would he explain that to me please. I have sort of missed that.

MR. MAYNARD: Ungulates are wildlife in general, Mr. Speaker.

MR. ROBERTS: I was asked this morning by a fellow who got the wrong things asked about wildlife. I said the only wildlife I knew was that across the House. He got the point of it. I guess he got hold of the Tourism Department eventually.

Mr. Speaker, is the Minister of Health in a position to tell us whether he will table the documents which I asked about yesterday?

DR. ROWE: I am considering the question, Mr. Speaker.

MR. ROBERTS: A supplementary question. Would the minister tell the House why he is hiding the documents, Mr. Speaker?

DR. ROWE: I am not hiding documents, Mr. Speaker.

MR. ROBERTS: Mr. Speaker, the minister is. Would the minister confirm or deny the fact that the recommendation of the Task Force with respect to the Grand Falls Hospital has recommended a closing of the Botwood Hospital and also the closing of the Buchans Hospital?

DR. ROWE: Mr. Speaker, there are multiple recommendations in the various reports that have been received. I do not plan to be specific on any policies that government will announce. The recommendations have been made but are not necessarily government policy. These are recommendations in reports upon which government will develop its policy.



MR. ROBERTS: Mr. Speaker, did the minister confirm or deny the fact that those recommendations were in the report with respect to central Newfoundland? I think he did confirm them. I want to be sure.

DR. ROWE: I said that I would not be specific, Mr. Speaker, at this time.

MR. ROBERTS: In other words, the honourable minister did confirm them. Okay, I have seen the reports.

On motion of the honourable the Minister of Mines and Energy, a bill, "An Act Respecting The Newfoundland Power Corporation," read a first time, ordered read a second time on tomorrow.

On motion of the honourable the Minister of Education, a bill, "An Act Further To Amend The Memorial University Act," read a first time, ordered read a second time on tomorrow.

On motion of the honourable the Minister of Finance, a bill, "An Act Further To Amend The Public Service (Pensions) Act," read a first time, ordered read a second time on tomorrow.

On motion of the honourable the Minister of Justice, a bill, "An Act To Amend The Newfoundland Registered Nurses' Act," read a first time, ordered read a second time on tomorrow.

MR. MARSHALL: This is what appeared as Motion (i) yesterday which is a Committee of the Whole to consider resolutions with respect to the raising of monies for the purchase of BRINCO, of the interests of that company.

MR. ROBERTS: Inaudible.

MR. MARSHALL: Is debate on that order finished? Oh, yes! I am sorry! It should remain really as motion, We are not in Committee of the Whole on it. Anyway, we will call Order (3) as the motion then, Mr. Speaker.

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

MR. CHAIRMAN (Mr. Stagg): Order please! Now when we adjourned yesterday the honourable the Minister of Finance was speaking. The honourable the Minister of Mines and Energy.

MR. L. BARRY: Mr. Chairman, after that magnificent exposition yesterday by the Minister of Finance, there is not too much left to be told on this tremendous accomplishment by our government in recovering control of our hydro resources in Labrador but perhaps I might attempt to give some of the more technical details and to explain more fully, in greater detail, just why it was so important to our province for our government to acquire control of the hydro resources of Labrador.

Mr. Chairman, we have already tabled the report of the consultants that we had study the feasibility of bringing power from the Lower Churchill to the Island of Newfoundland. In this report, Mr. Chairman, there was an awful lot for any of us to study and to absorb. The first time you read it you get probably a quarter of the contents. This is based upon a number of other volumes. It is a summation of a number of other volumes and there is a lot of material here.

But one thing that is stressed right at the beginning of this report, Mr. Chairman, in the second chapter, the chapter following the summary of the findings and conclusions, is that poorer nations or regions can not attain a high level of economic development without an intensive and intelligent use of energy. Mr. Chairman, that statement is well supported by statistics. Not just across Canada but around the world you

will find that the countries and regions that had an intelligent energy policy are the countries and regions that advanced industrially, economically and even socially and culturally.

So that energy is inextricably tied in with our future development as a province and, Mr. Chairman, it was just unacceptable to our government to have a third party, a private company whose main objective - this is not a criticism - as common sense tells it should be, was the profit making motive. It was unacceptable to our government to have this third party blocking or in a position to interfere with or to delay the implementation of an energy policy for Newfoundland which would see the wisest and the most intelligent use of our energy resources.

No government, Mr. Chairman, in this day and age, could put up with such a situation, and that was the situation that we found ourselves in.

Now we did not jump to any hasty conclusions. We did not rush in the day after this administration was elected to office and say:

"Go away BRINCO! We do not want to deal with you. We are going to take back everything you have been given over the years."

Whatever the temptation might have been to some of us, Mr. Chairman, there was a very serious -

MR WOODWARD Mr. Chairman, I would not want this fine speech to go unheard, so I suggest that we should have some members in to listen to the substance of the speech.

MR BARRY: I would agree with the honourable member opposite. I agree totally with him.

MR ROBERTS: I guarantee you we would not call a quorum.

MR CHAIRMAN: We have a quorum. For the information of honourable gentlemen who have been waiting in the wings for the three minutes warning or for the three minutes to be up: the three minutes were very nearly up before the quorum got in.

MR BARRY: Mr. Chairman, as I was saying: after an attempt to negotiate reasonable terms for the development of one of our specific hydro resources,

the Lower Churchill or Gull Island resources, after attempting to negotiate a satisfactory development with this third party, this profit-motivated corporation that had been placed in a position, to a certain extent, to frustrate government policy, our government concluded that we had to take measures to get back control of our resources so that we could implement the proper energy policy for the Province of Newfoundland. Mr. Chairman, this was the essence of the decision to approach BRINCO initially with our decision to purchase back our hydro resources in Labrador.

Now one thing I would like to make quite clear, Mr. Chairman, is that there is no intention on the part of this government to rape Labrador - which is a phrase which the honourable member for Labrador North is fond of using in this House. Very quickly in the course of negotiations it was made a major point in the negotiating process that there would be no development of Gull Island, no agreement with BRINCO unless there were a transmission line constructed from Gull Island to the Coast of Labrador: specifically to the Happy Valley-Goose Bay Area.

MR WOODWARD: Inaudible.

MR BARRY: To Lake Melville and then on to the coast. How far is he away from the Coast?

Mr. Woodward: One hundred and eighty-five miles.

MR ROBERTS: They do not have salt water.

MR BARRY: No salt water?

MR WOODWARD: No, no salt water.

MR ROBERTS: No salt water.

AN HONOURABLE MEMBER: Is this coming out of the honourable minister's time now?

MR BARRY: I hope this debate, Mr. Chairman, is not going to be included in my time.

MR ROBERTS: Inaudible.

MR BARRY: I am sorry about that.

Anyhow, Mr. Chairman, it is history now. We, the day before yesterday, signed an agreement which gives this government control of the hydro resources of our province.

Now let me give you a few reasons, Mr. Chairman, as to why control of the Upper Churchill Development was so important for the development of the Lower Churchill:

First of all, both the Churchill Falls plant and the Gull Island installation, as you know, are on a single river system and they require an integrated operation for the maximum utilization of the available water. This can be achieved most effectively by a unified ownership, obviously.

Secondly, it is clear that there will be some economic advantage to Newfoundland consumers in having the surplus power, while this surplus is not needed for provincial needs, exported to the Province of Quebec.

Mr. Chairman, it is obviously highly undesirable for this province to have to deal through an intermediary, to deal through a private corporation in negotiating the terms under which such sale of surplus power (I stress the fact that it would be surplus power.) highly undesirable to have to deal through a third party in order to arrive at the terms for such sale. The only reason such sales will be made shall be because by so doing we could bring down the price to the Newfoundland consumer and the cost of the overall development would be brought down.

Mr. Chairman, the development of the Lower Churchill was so closely and intimately tied in with the operation of the Upper Churchill that it quickly became obvious that it would be a very great advantage to our province if we had control of the Upper Churchill Development.

Mr. Chairman, this we have now acquired.

Apart from this short-term advantage that I pointed out, we also have the fact that there is a tremendous hydro potential in Labrador. At a time when the east coast of Canada is dependent upon petroleum products supplied by foreign countries for its energy needs, at a time when our federal government is stressing the east coast of Canada to develop security of supply of its energy source, we have, Mr. Chairman, the equivalent of millions and millions of barrels of petroleum running to the sea every day in Labrador.

If I may, just to emphasize this, to give some indication of what the Gull Island Site itself, the development of the Gull Island Site means in terms of fossil fuel equivalent:

The Gull Island Site is estimated to produce 1,680 megawatts. The equivalent of the annual production at the plant will be estimated to be eleven point sixty-five kilowatt hours. That is equivalent, Mr. Chairman, to approximately eighteen million barrels of No.6 fuel oil.

MR ROBERTS: A year?

MR BARRY: Okay! Eighteen million barrels a year. In other words, development of the site will be the same as finding an oil well which would produce over 50,000 barrels a day forever, a renewable resource.

So that not just in the context of acquiring security of supply for Eastern Canada, Mr. Chairman, but in the context of the depletion of our world energy supplies we have a renewable resource here which at the present time is running to the sea unused.

Now there are other rivers. The honourable member for Labrador North is aware of the great potential in his district and in Labrador South, the great hydro potential. It is not a simple matter of going in and damming up all these rivers and flooding all of Labrador. There is no government that would be so stupid as to say that is the proper resource development.

There is obviously going to have to be in future a choice of alternatives between resources. There are going to be mineral resources, for example, forest resources which have to be traded off and balanced against the possible hydro resources that could be developed. That has to be done everywhere in the world. We are very much aware that it has to be done in Labrador as well. But we can say, Mr. Chairman, without any shadow of doubt at all, that there is a great undeveloped energy potential in Labrador which at the present time is being wasted. There is there a great energy potential which can improve the lot of our Newfoundland people; and by this I mean the people of Labrador more so than the people on the Island of Newfoundland. At the same time it is an energy potential that can be developed to improve the lot of all Canadians.

One of the most important and significant, even if only in psychological terms, developments that we will see when Gull Island comes on stream is that we will have Newfoundland hooked into a national power grid; we will have Newfoundland hooked into the Upper Churchill Development through either a submarine cable or a tunnel holding a land cable. I will explain that in a minute. This will in turn be tied in to the Upper Churchill Development and in turn be tied in to the Hydro Quebec System.

So that right away, Mr. Chairman, in one fell swoop we move from Newfoundland being an isolated electrical system - which it is today - into having Newfoundland tied in to a national power grid where, right away and just from that very fact alone, there are great economic advantages. There can be trade-offs of power

when it is our peak period here it is not the peak period in Quebec so that they can have some of their energy flowing to Newfoundland to meet our peak, so that we do not have to put in additional generating plants just to meet our peak periods. It is the same way with Quebec. Their peak period is different from ours so that we can flow energy into Quebec when it is not our peak period and that saves them having to put men, money, materials into building costly additional generating plants. That is an economic advantage of having the Newfoundland system tied into the national grid.

Now, Mr. Chairman, obviously, with such important considerations, we could not have this government in the position of having to deal through a third party, having to deal through an intermediary, through a corporation which, as I say again, is primarily profit motivated.

That is not a criticism that is a fact of life. The responsibility of the directors of BRINCO was to ensure the greatest possible return to the shareholders of the company. Their primary objective was not to ensure the lowest cost of power to the consumer in Newfoundland. That is the responsibility of this government, Mr. Chairman: that was not the responsibility of a profit-motivated corporation. However philanthropic or however civic minded a corporation might be, we still have the un-escapable fact that the sole and primary purpose or if not the sole purpose then the primary purpose for the existence of a private corporation is to make money for its shareholders.

AN HONOURABLE MEMBER: That is strange.

MR BARRY: That is not strange: that is a fact of life. What is strange to me is how a previous administration, recognizing this fact, could have given up the lifeblood of our province for years to come, the energy resources of our province to a privately held corporation.

AN HONOURABLE MEMBER: It is easy to be wise after the fact.

MR BARRY: Yes, I concede that. I concede that it is easy to be wise after the fact: and I realize that the decision was not easy, Mr. Chairman, and I concede that the previous administration did not have an easy task



in getting the Upper Churchill development, but I will reserve my right to say, Mr. Chairman, that I think they could have done better; I think the people of Newfoundland think they could have done better.

Mr. Speaker, we could sweep the country on this bill that is before us here today. As a matter of fact, Mr. Chairman, I think it quickly became obvious to the people of Newfoundland that the opposition were not going to criticize it. As a matter of fact there was a period, there were weeks there when we were waiting and when we only heard from Mr. Smallwood we were wondering if he were speaking for the opposition. Not a sound, not a whimper from the members across the House. One of the biggest decisions ever made by any government in Newfoundland and not a sound from across the House.

My conclusion, Mr. Chairman, had to be that they were waiting to see which way the people were going: they would follow the tide, they would jump on the bandwagon then.

Leadership? Mr. Chairman, did we see leadership? Did we see constructive criticism? Did we see suggestions from the honourable members opposite? No, we did not: we saw total silence on the decision, Mr. Chairman, as to whether or not this government should take control of its hydro resources in Labrador. That was the issue: that was the decision made. What did we hear from the honourable members opposite? Not a sound! Not a sound!

As I said, Mr. Chairman, and if I could just re-emphasize the fact that just the development of the Gull Island Site means the oil equivalent of an oil well producing 50,000 barrels a day, forever.

Now that is with the development of Gull Island; approximately 1,600 megawatts. Mr. Chairman, apart from Gull Island, if you total up the potential of all the river systems - obviously they would not all be developed. They would not all be economic to develop, there would be other reasons for not developing them but we have, Mr. Chairman, in excess of another 9,000 megawatts in Labrador.

Think of the oil equivalent, think of the energy potential and think of what this can do for our province and for Canada.

Now the honourable member for Bell Island, who unfortunately is not here today but I hope somebody will pass on the good word to him, has been picking away at and telling about all the problems. As a matter of fact I do not think anybody on the other side is really committed to pushing forward this great project, this Gull Island development, the development of our hydro resources. It seems to me that they are only interested in pointing out all the problems there are in getting this development, all the dangers, all the pitfalls. Total negativism with no constructive comment at all!

Mr. Chairman, I would ask honourable members opposite to start using their influence with their colleagues in Ottawa and getting behind this development because it will mean great things for the people of Newfoundland. It is perhaps one of the most important decisions that can be made at the present time, in terms of influencing our economic and social life over the next ten, fifteen or twenty years.

What do we have from the other side? Either total silence or harping criticism, totally negative, harping criticism!

Mr. Chairman, the honourable member for Bell Island asked the other day or if he did not ask he said: "Look, it is not shown that it is technically feasible to bring power from Gull Island to the Island of Newfoundland. That is total nonsense, Mr. Chairman, as it has been shown that it is technically feasible.

I read from the report by the consultants employed by this government to do the study: and this has not been attacked by the federal government - this has not been attacked by the federal government.

I will explain what is happening with the federal government in a moment. Let me explain that it is the finding of this study that the Gull Island Project is technically feasible. Now that is the conclusion of a reputable number of Canadian companies, the major companies in Canada connected with the electrical industry placing their reputations on the line and they are saying that it is the finding of this study that the Gull Island project is technically feasible. The honourable member for Bell Island is criticising that, with his great background in

electrical engineering. I do not know if the honourable member for Labrador North is doing the same thing.

Mr. Chairman, there is some question as to the best method of coming across the Straits of Bell Isle: as to whether we should come across via a submarine cable, which would be the cheapest method, or whether it is worthwhile going a total tunnel route, because that would give us greater security, greater protection from ice, greater protection from rock ridges on which the cables would be hanging and on which they could possibly be worn and what not.

There are some additional dangers in not going the tunnel route. There is the problem of spawling rocks which could damage the cable, falling rocks in the tunnel

Mr. Chairman, we realize all of the answers are not given: there is no total certainty in this, as in very few things in life is there total certainty. There will be additional work done this summer which will give us the final answer. There is no question but either submarine cable or tunnel; one or the other is technically feasible, if not both. It is a question of determining which is the better method: and that is the only real technical question that the officials in the Department of Energy, Mines and Resources in Ottawa have had about this study.

AN HONOURABLE MEMBER: There is nothing conclusive.

MR PARRY: What is the best route? There is something conclusive about it. There is something conclusive in that they say it is technically feasible

I will go on with the same paragraph:

"From an economic viewpoint the development of the project will utilize a renewable resource at a reasonably stable cost..."

Now that little paragraph there, two sentences, that little paragraph contains a wealth of information: We know that it is (1) technically feasible. We know that it is (2) economically feasible.

I will explain more about the economics of it in a moment.

With respect to the submarine cable versus the total tunnel, let me say that in order to meet the questions of the federal officials in Ottawa and in order to gain further information to better satisfy our own people as to the best method - I am not saying the cheapest method but the best method weighing cost against security - a seminar was arranged by the Newfoundland Power Commission, in Montreal.

It was held between May 13 and May 16 and discussed the alternatives, adopting submarine cables or the use of land cables in a tunnel. They set up a review board consisting of:

Mr. Wally Reid, the Chairman of the Newfoundland and Labrador Power Commission, who was on this review board; Dr. Dolmage, a professional engineer from Vancouver, British Columbia, a recognized expert in his field; Mr. Haswell, from London, England, another expert; Dr. L.H. King, from the Department of Energy, Mines and Resources, Federal Government; Mr. L.R. Horne, the professional engineer with B.C. Hydro; Mr. W.J. Campbell, Professor Campbell from our Engineering School here at Memorial University; Mr. M. Warnes, from the Department of Energy, Mines and Resources, Ottawa, who also sat in as the federal representative on our Energy Task Force here, several months ago; and Mr. Norman Kipnis from the Department of Mines and Energy here in Newfoundland, who, of course, has experience in tunnelling operations. -

Now these gentlemen sat as a review board and they had representations made to them by the top cable manufacturers, electrical cable manufacturers, in the world. We had collected together in one group, Mr. Chairman, in this little room in Montreal, a month ago approximately, the cream of the experts in this field. We had the cream, the top in their field, Mr. Chairman.

In addition there were representatives from the five cable manufacturers, Teshmont Consultants Limited; Patrick Harrison and Construction Limited, employees from the Engineering Department of the Newfoundland and Labrador Power Commission and representatives from the senior management of Shawinigan Engineering, Montreal Engineering and Templeman Engineering. Basically all five cable manufacturers indicated that no problems were

envisaged in the supply of the 400 kilovolt, direct current, submarine or land type cables. In the event that the submarine cable alternative were selected, all cable manufacturers indicated their willingness to accept responsibility for the cable installation. It was apparent from the presentation of the cable manufacturers that the manufacture and installation of 400 kilovolt direct current cables is well within today's technology.

Let me skip over some of this, I do not want to take too much time of the Committee, Mr. Chairman. Now to date the final reports are not in. To date the commission has received reports from five members of the review board and it is anticipated that the reports from the two remaining members should be received in the next few days. So it is somewhat premature to comment on the reports but I should mention that the Teshmont Study indicated a fairly substantial increase in cost for going the tunnel alternative, \$37 million I believe it was. The total cable route would be approximately \$27 million or \$28 million but add on another \$37 million for going the complete tunnel route.

But the feeling, Mr. Chairman, as the preliminary conclusions of this seminar that was held, is that the additional security you get from the tunnel route may very well justify that additional cost. That cost, although it is a large amount of money, \$37 million is a fairly small percentage of total cost of the total development which is, as you know, \$11.2 billion. So it might very well be that we will go the tunnel route.

Now there was some confusion expressed in an article by the "Evening Telegram" although I have to compliment them on going through this Teshmont Study and taking out the technical details for the people of Newfoundland. I compliment them on their recognition of the fact that this is a significant undertaking, that the tunnel crossing is really crucial, because we are breaking new ground here, Mr. Chairman, connecting up what up to now has been an isolated province to the national grid, to the national energy grid.

But there was some confusion with respect to the cost of getting

a transportation tunnel across the Strait of Belle Isle. They indicated a much smaller cost than is in fact the case for the cost. The cost of getting a complete transportation tunnel. In addition to the \$27 million for submarine crossing and an additional \$37 million for the tunnel which will be some \$64 million, there would be an additional \$51 million required to enlarge the tunnel for transportation and to provide ramps at either end. You also get into the cost of the rolling stock and equipment and so on that would probably run into an additional \$75 million - so you are in effect talking another \$126 million.

This is pointed out in the study but I agree that it is easy to be misled by the way the figures are set out in this particular paragraph. I just bring that to the attention of the Committee because of the fact that the impression I got from reading the "Telegram" article was that it was for very little more cost we could have a transportation link between Labrador and the Island. This I would be all for, but of course it gets down to the dollars and cents of the tunnel alternative.

Mr. Chairman, I am running out of time here. I have a couple of very important points, if the honourable members opposite would permit. I do not know how much time I have but I promise I will not waste the time of the Committee.

AN HON. MEMBER: Inaudible.

MR. BARRY: This is the technical feasibility, Mr. Chairman, that I have been discussing for the last few minutes, and the biggest technical problem is not building the dam at the Gull Island site. I understand, I am not an engineer but I understand that that is a comparatively simple thing to undertake. At the present stage of technology, these companies, you know, are quite used to building hydro dams of this magnitude. The developments and the technology of direct current transmission I understand have advanced to the stage where there is not a very great risk in the carrying of this very large amount of current over long distances.

The submarine crossing is recognized as possibly the most technically difficult area but, Mr. Chairman, as I have already pointed

out we have the top experts in the world. We have had their advice. We have not all the final reports in but all the information we have to date indicates that this is an acceptable risk. Any risk that is there is an acceptable one, of that there is very little doubt and that it is technically feasible to bring the power across from Labrador to the Island of Newfoundland.

Now, Mr. Chairman, if I could go into the possibly even more complicated aspect of this than the technical side and that is the economic feasibility, the economic feasibility of bringing the power from Labrador to the Island of Newfoundland. There is an awful lot of money, Mr. Chairman, at stake here. It is going to cost a lot of money. ~~Just~~ let me give you a couple of figures as to what our alternatives are going to cost, if I can dig these out here.

MR. DOODY: I can get him one. I do not have it here now.

MR. HARRY: Before I get into the involvement that we are going to require of the federal government and the reason for federal assistance and why it is so important, Mr. Chairman, let me talk a little about what our alternatives are. As our government sees it, we have no choice, Mr. Chairman, no choice but to push for

the bringing of power from the Labrador site to the Island of Newfoundland, keeping in mind that this will also mean the development of a power resource for Labrador itself, because the demand in the Goose Bay, Happy Valley Area and on the Coast of Labrador is not going to justify, cannot possibly justify the amount of demand that is there for the development of Gull Island by itself. We have to have additional customers.

With the bringing of power to the Island then you have your plant built, then you are justified in bringing the transmission line to the Coast of Labrador or to the Goose Bay, Happy Valley Area which is in at the end of Lake Melville.

AN HONOURABLE MEMBER: Inaudible.

MR. BARRY: It is a lot more than the sixty-five miles which is the transmission line from the Lower Churchill. If you say, "Do that and have the people pay the economic cost of so doing," power rates will be even higher than they are with dependency on the thermal generators. I am telling the honourable gentleman just what the figures show.

Now there are lies, damn lies and statistics I know, and we have to question all figures that are poked at us but, as the experts tell me, it is not economically feasible to develop Gull Island or to bring the power from the Upper Churchill with the present load growth and the present demands on the Coast of Labrador and the Goose Bay, Happy Valley Area.

Let us look at some of the figures that are staring us in the face, Mr. Chairman: By 1979, which is the earliest date that we could have Gull Island on stream, our fuel bill on the Island of Newfoundland and along the Coast of Labrador and Goose Bay, Happy Valley, and I keep mentioning Goose Bay, Happy Valley because that is the largest centre right now. The largest demand is right there and right now supplied by diesel generators, by 1979 our fuel bill will be \$38 million annually. That is assuming, Mr. Chairman, that the price of oil drops back to ten dollars a barrel. It is in excess of that right now. If there be



ten dollar oil we shall be paying \$38 million a year annually for fuel for the Holyrood thermal plant and for our REA system.

AN HONOURABLE MEMBER: Inaudible.

MR. BARRY: Right, a very large segment of it will be for the Holyrood plant, no question about that. Between 1974 and 1987 the total cost of burning fuel to meet our projected demands, if we have to depend on oil fire generators, the total cost will be \$1.1 billion. That is between 1974 and 1987, thirteen years. The honourable member knows just what enormous costs are involved in the supplying of energy. One point one billion dollars, approximately the cost of the Gull Island development, we will have to spend in paying for fossil fuel for petroleum products to fire our diesel generators, if we have to rely on diesel generators in our province.

Now these are staggering figures. What are our alternatives? We have "Develop our hydro resources." We have "Rely solely on the fossil fuel alternative" or the third alternative, Mr. Chairman, is nuclear, but we cannot bring a nuclear plant in here immediately because our system is so small. So if we decide on the nuclear alternative, we have to say we are going to continue on with oil fire generators for so many years, I think it is around 1982, 1983. Then the system will be large enough to put on a nuclear plant.

Let me give you some of the comparative costs. In this \$1.1 billion that is spoken about as being the cost of developing Gull Island we have included a certain amount for interest during construction and for escalation. If we remove those figures, interest during construction and escalation, the absolute cost is \$785 million. That is the development of the site and the transmission line.

AN HONOURABLE MEMBER: Transmission line to where?

MR. BARRY: Transmission line to the Island and the transmission line to the Coast of Labrador. That is total, \$785 million to tie into the Upper Churchill. That is taking out interest during construction and escalation. Now adding on the others we get the \$1.1 billion. Just let me use this figure because I want to use it for comparative purposes.

Let us compare the alternative of a coal fired plant followed by a nuclear installation, which our study of the alternatives has shown will be the most economic method of proceeding. The capital cost of constructing these all fired plants needed until the system gets big enough for a nuclear one and then putting in a nuclear plant would be \$704 million. Compare \$785 million - \$704 million. If we go the total fossil fuel route, just building thermal plants, a lower capital cost. Even that is \$518 million. Then tack on your fuel bill every year, you will have to pay for your petroleum in excess which, as I just pointed out, over thirteen years alone would be \$1.1 billion.

Now these are inescapable figures that we have to deal with. What we are trying to do is to pick the best alternative for supplying the energy needs of Newfoundlanders for generations to come. We are forced into a position where we cannot any longer just plan two years ahead, three years ahead, four years ahead, we have to look down the road. Everything that we look at shows that bringing electricity from Labrador to the Island of Newfoundland is the only answer for our problems, not just for the Island of Newfoundland but for Labrador as well, because we are going to get our hydro developments in Labrador and then we are going to have our energy in Labrador for the development of Labrador. We are going to have the Island of Newfoundland hooked into a national grid and we have freedom, we have flexibility, we have room for growth.

The alternative is total stagnation, Mr. Chairman.

Now, how can we do that? Well \$1.1 billion is a lot of money even for our Finance Minister here who has shown a great ability to borrow. There are a few dollars involved there. It has become apparent that federal assistance is required. It is almost necessary. It is hard to say it is essential, it is not necessary. The Minister of Finance says it is essential. Okay! We are strapped to try and put together those dollars. Well, if we are forced to try and do it, we shall have to try and do it. If we have to we shall do it.

Mr. Chairman, what are we talking about here? What are we asking from the government of our nation, from the Federal Government? We are not asking for a handout. We are not asking for a grant. We are not asking for a donation. We are not asking for dole. We are asking for financing. We are asking for a loan and proper repayment terms. We are not HFC or AVCO or somebody; we might get a loan but we would not be able to get the advantageous conditions that the Federal Government is in a position to give us.

It is not a question of our setting a precedent either, Mr. Chairman. We are asking for no more than has already been given to other provinces, specifically Manitoba. Manitoba has been given quite a large amount. I think it is in the hundreds of millions of dollars, I forget the exact amount - two hundred and some odd million dollars. It was lent to them on a repayment basis where they paid it back as the line was used. It was a loan for the construction of the transmission line from the Nelson River to the Kettle Rapids on the Nelson River down to the border of the United States, in other words to permit the export of power to the United States.

How much more of a reason do you want than to ensure the continued economic viability of a province of Canada? If they will enter into such financing terms to permit the export of power to the United States, why will they not do it to ensure the continued economic viability of Newfoundland?

How is it advantageous for us to have the Federal Government involved in the financing? Well, in the initial years of a transmission line being put in from Gull Island to the Island of Newfoundland, in the initial years the unit cost of power will be higher because the demand will not have been built up.

So the idea is to defer our financing charges so that we are not repaying all our interest and principal in the early years - just get a deferment. We are not asking them to give us anything, a grant or anything. We are asking them to put off when they will require us to

start repayment of the loan. The Federal Government have done that for Manitoba. We are asking them to do the same thing for Newfoundland. We are asking them for a loan of some \$400 million approximately, a loan to finance the construction of a transmission line from Labrador to the Island of Newfoundland.

AN HON. MEMBER: Inaudible.

MR. BARRY: No, they could build it and own it and lease it to us for that matter.

AN HON. MEMBER: Inaudible.

MR. BARRY: We would prefer not to, but we are not hung up on it. Believe it or not, Mr. Chairman, \$400 million is a large number of dollars even for the Federal Government. We realize this and we are not saying they are unreasonable or anything in doing it. They have a few questions to ask as well. They would like further information, further information by the way which will be obtained to a great extent from the work that is being carried out this summer. This \$14 million that has been allocated for preliminary work, preliminary construction work this summer, this will answer a lot of our questions with almost total certainty, but in the meantime we went up there and we made presentations. The Premier went in and he talked to Mr. Trudeau. Myself, Mr. Doody, Mr. Crosbie met with Mr. Jamieson and with Mr. MacDonald, the Minister of Energy, Mines and Resources, on several occasions and we have presented briefs to them, we have presented facts and figures to them.

Really the main problem they had, the main questions they have is; "How valid are the load growth predictions that are made in this book, in this Teshmont Zinder report?" They are saying; "Can we rely on those figures? Can we rely on Newfoundlanders requiring this much electricity and buying this much electricity to ensure that this loan is repayed over the number of years that it is predicted it will be repayed over?"

One thing that is apparent, Mr. Chairman, and one thing that I want to stress right now, because there is an awful lot of confusion about this point, is that we do not need, it is not essential to have

an aluminum smelter or any high user of energy. It is not essential that we have those. It may be economically important, it may be that we can bring down the cost to the consumer particularly in the early years by increasing our load growth by having a large user on the end of the line but, Mr. Chairman, it is not essential because the figures here show that just with the normal anticipated increase in load growth for the Province we will use all the energy generated by the Gull Island development within the years - say 1988-1990, around this period.

AN HON. MEMBER: What is that? Twelve per cent?

MR. BARRY: No, less than twelve per cent. Let me go into that a little bit. We presented to the Federal Government a number of different projected increases in load growth. We had a fast load growth. We gave them figures for that as contained in here, in the Teshmont Zinder report. This assumed that there would be certain large uses of energy like aluminum smelters and so on attracted to the Island. We gave them a medium load growth and we gave them a slow load growth. When they came up and still had the questions about the ability of the Province to use this energy, they gave us what they thought might be reasonable. We even used their figures. We said that we called that a minimum load growth. In every case, Mr. Chairman, you saw the project being economically viable - in every case, even the minimum load growth figure.

Mr. Chairman, the minimum load growth figure is a figure, below which, if you assume that there is going to be development below that then you are assuming that there is no future for the Province of Newfoundland. If the Federal Government in Ottawa be not prepared to accept our figures as to minimum load growth then they have said that there is no hope for Newfoundland, there is no future for Newfoundland, because that is the minimum load growth which will bring our province anywhere near the standard of living in other parts of Canada.

We say the Federal Government is supposed to be committed to regional development, to the alleviation of economic disparities between regions. What greater way to do it than to support this proposal of our government?

Mr. Chairman, this single act of financing the transmission line from Gull Island to the Island of Newfoundland would do more to alleviate regional disparity in the years to come than any DREE or ARDA or FRED or any other programme that we have seen yet or are likely to see from the Federal Government, whatever government or party is in power in Ottawa. This is not a political thing. This is so important to our continued economic viability, Mr. Chairman, that I cannot stress it enough.

I just have a couple of other points to make. If the honourable members of the committee would bear with me, I would like to give information as to what has taken place since we submitted our brief to the Federal Government. It was agreed that there would be a Federal/Provincial Task Force created and they would study certain specific items. They broke it down into sub-groups. One group to study the hydro site itself and check out the figures and the consultants report on the site. On that we have Mr. Ted Humphries, who is a very knowledgeable federal energy official and Mr. Reid, Chairman of the Power Commission, and a Mr. Eckenfelder from Montreal Engineering Company.

We have with respect to this another sub-group dealing with the transmission line. Here we have Mr. Warnes, an Energy, Mines, Resources official whom I mentioned previously, and for the Province we have Mr. H. Young, from the Power Commission; Mr. A. Bulter, from Shawinigan Engineering, and Mr. J. Rolland from Teshmont Consultants.

Another sub-group deals with load growth. As I said this is the most important as far as the Federal Government is concerned and the area where they want the most answers. Here we have D. J. MacDonald, representing the Federal Government,

who is the district representative for DREE. I forget his official title.

AN HON. MEMBER: Acting regional director.

MR. BARRY: Acting regional director for DREE. We will have representatives from Energy, Mines and Resources; Finance and Industry, Trade and Commerce. For Newfoundland we have Mr. D. G. Collet from the Power Commission, Mr. Dave Vardy from the Executive Council, Gordon Goundrey from the Executive Council Office and a representative of Zinder and Associates who participated in the study.

Subgroup 4: With respect to the alternatives, the economics are going, nuclear are going, coal fired or fossil fuel fired. We have, for the federal government, Mr. A. R. Scott from Energy, Mines and Resources. We will have somebody from Finance and DREE on that as well. From Newfoundland I got Mr. Leo Cole from the Power Commission, Mr. Harrison from Teshmont and Mr. King from Shawinigan Engineering.

The final subgroup, financial and economic analysis: We have Mr. Ryder, Finance, and a representative of Energy, Mines and Resources and DREE. For Newfoundland we have Mr. R. Martin, Mr. D. Vardy and Mr. Cyril Aberly and Mr. Wilf Garland. Now these subgroups have met. From most of these we are expecting and anticipating reports within the next few weeks.

The only one that we are concerned with is that we are concerned with the fact that the federal government may be engaging in a more exhaustive and intensive survey than is warranted by the facts of the load growth and the financing implications of this project. I say that because for a time it looked as if they were about to engage in a survey of the entire capital needs in Canada for energy developments and relating our Gull Island project to the entire Canadian picture, which of course would mean that we feel to be a much greater amount of time being spent and a delay in this project if that became necessary.

Now, our last impressions are that they have cut down their time period and that we should some time early in July have an answer from that subgroup as well. They will be reporting to the Federal

Government and to the Newfoundland Government as to their conclusions, the results of their study of the information in this report. We are hoping - there is nothing to indicate otherwise - that these groups will come in with the same conclusion that we have, namely, that it has to be all systems go, that there is nothing here to take away from the fact that this project is technically viable, is economically viable and it means the life or death of Newfoundland, it means economic stagnation for Newfoundland or it means continued growth to take us up to the level of the other provinces.

AN HONOURABLE MEMBER: Inaudible.

MR. BARRY: No, I would not say "Develop or Perish," I would not say "Develop at any cost." What I am saying here is that we can have development at minimum cost, we can have development at reasonable cost. We have submitted figures showing, Mr. Chairman, that -

MR. CROSBIE: Develop or take handouts.

MR. BARRY: Right! Develop or take handouts!

We have shown, Mr. Chairman, that if power from Gull Island should come to the island portion of the province, we can expect an average cost of power of probably slightly less than fifteen mils. For an industry with a high load factor, it would probably cost them something in the area of twelve mils.

Going the nuclear route or going the fossil fuel route (Two minutes? Okay!) one is talking about twenty-two mil power and twenty-four mil power. Now that is a significant difference, Mr. Chairman, in the cost of power. We are talking the cost of power in about five to ten years time. We are talking about the cost of power in Europe right now, up around twenty-five, twenty-six or twenty-seven mils today. When we combine that low cost power, stable cost power, with our strategic advantage on the trade routes of the world and with our deep water ports, we can see that these three combined would mean great things for the future of Newfoundland.

Without trying to drown them and minutiae them, I have just a few figures as to why the figures that we are projecting for our load growth: we are assuming I think it is seven or eight



per cent as being the lowest possible. We are saying that it is reasonable to accept eight per cent. The national average is seven per cent. We have averaged in excess of twelve per cent over the last ten years or so. We have given some reasons as to why it is logical to expect that we will continue to have that increase in growth rate. We have supplied figures to the federal government showing that whereas, for example, only three per cent of the people nationally, families nationally do not have say refrigerators; in Newfoundland it is more like eleven per cent.

We have gone through for different appliances and different ways that the normal, average person uses energy. We have shown that we are much less developed than the rest of Canada. It is only common sense to expect that our people will increase their demands over the next few years.

Mr. Chairman, there is much more I could say on this because I believe so deeply and so assuredly that this project if completed will mean tremendous things for our province, because I believe that if this project do not go ahead, then, Mr. Chairman, we may as well face that we will stagnate. We will stagnate! For this reason, Mr. Chairman, for the reasons given already, I want to, believe it or not, support the resolution that is before this honourable House. Thank you!

MR. CHAIRMAN (MR. STAGG): The honourable the minister, the Leader of the Opposition.

MR. ROBERTS: Minister? No, Sir, thank you! I have been a minister. I do not expect to be the minister of anything in particular again.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Yes, which is more than I can say for the gentleman from Green Bay. Not only that, I have prospects, which is more too than I can say for the gentleman from Green Bay.

Now, Sir, let me first of all compliment the Premier and the Minister of Finance and the Minister of Industrial Development for their attention throughout the debate. I mean that quite genuinely. I find that most of the members on the other side have distinguished

themselves by their absence from the debate. The Premier has been quite faithful in his attendance. The Minister of Finance has been equally faithful and the Minister of Energy has been equally faithful as has the junior member for Harbour Main, the Minister of Industrial Development. I find it passing strange that the minister is the junior member. I guess the vagaries of the electorate will never be understood. Why he should be the junior member and his colleague the senior member utterly astonishes not only me, Sir, but anybody who looks at the situation.

Let me first of all, Mr. Chairman, state quite clearly in case there is any doubt - I do not think there is - that my colleagues and I support this resolution and we shall support the bill. I do not think that is a surprising statement. The bill before the committee really represents the implementation of what is an agreed sale between the government on one hand as purchasers and BRINCO, I guess, on the other hand as the vendors. It was not exactly, in many ways, a happy sale. I do not think BRINCO particularly wanted to sell but BRINCO obviously came to the conclusion upon examining all the facts, including the notice paper of the House of Assembly, that their option really was to sell or to be expropriated.

As Dr. Johnson, I think it was, said, "The knowledge that a man is to be hanged in a fortnight has the power to concentrate his mind wonderfully." BRINCO were given the choice between being exterminated by legislation or selling a large part of their assets and they choose the later. So be it! I do not quarrel with what BRINCO did nor do I quarrel with what the government did. I think it should be noted that this bill and its companion bill, number 105, which really is the bill to achieve essentially the same end as this bill number 82, that this bill represents the closing of an era in the history of Newfoundland and Labrador.

I think the time has come to close that door. I do not for a minute align myself with those few in number who oppose that concept. I think it is high time that we have control of all our power and resources in the province. The Liberal Administration,

which is so much maligned, took control of all power resources on the island in the mid-sixties. Indeed it was laid down as policy in about 1965 or 1966 that all future power generation on the Island of Newfoundland would be by the public agency, by the Newfoundland and Labrador Power Commission, as it was then and is still known as. As part and parcel of that the government, I guess acted as midwife at the amalgamation of united towns and the Newfoundland Light and Power Company into the present Newfoundland Light and Power Company.

So, the result is that today we have on the island as distributors of power only the Power Commission or the REA, which is a bedmate or bedfellow with the Power Commission, or the Rowaters Power Company on the West Coast or the Newfoundland Light and Power Company in Eastern Newfoundland.

The time has come now obviously to extend that concept to all of the province. My colleagues and I, the Liberal Party, certainly welcome that stand. It is only carrying into effect the policy which was laid down initially by Mr. Smallwood and his administration. Labrador was specifically exempted in respect of the Upper Churchill development, and for good reason. Nobody said then and nobody can say now with any truth that the Upper Churchill Development could have gone ahead, when it did, on any other terms than it did go ahead. It is easy to have the wisdom of hindsight. I could be many times a millionaire today, Mr. Chairman, if only I had gone out and bought say all the land in downtown St. John's ten years ago, when it was selling for prices half what it is selling for today.

I think it is worth recording that for the Upper Churchill development at the time I had no ministerial responsibility but I had a certain awareness as did most people as to what was happening. The Upper Churchill development was hailed by all and sundry, including the present Minister of Finance, as being the best deal that we could make. Indeed the present Minister of Finance, the present Minister of Justice and the present Minister of Municipal Affairs were in the cabinet at the time the most recent legislation was brought before the

House. No, maybe not the most recent but certainly the relevant legislation to the Upper Churchill development, the legislation necessary to tack it all together, which was brought before the House.

Whether or not, looking back, it was regarded as a mistake is not something that anybody can say with certainty. It is easy to say now what should have been done ten or fifteen or twenty years ago, just as it is easy to say now what should have been done twenty years ago with respect to Bell Island or twenty years ago with respect to the development of Downtown Toronto or with respect to anything else. I cannot think of an intellectually more dishonest argument than saying that something was a mistake twenty years ago or ten years ago, when the men who took that position acted on the best available information and nobody raised a voice in question of it - nobody. But nobody!

The Upper Churchill deal was made in 1964, in 1965. I believed then and I believe now that it was the best deal which could have been made at the time. From the perspective of history it may not have been a good deal. I think an argument could be made either way on that particular matter. Everybody at the time felt it was the best deal that could be made and everybody hailed it. Indeed, at the time, Sir, it was felt that Mr. Smallwood, who gets most of the credit for it, deservedly so, pulled off a master stroke because the feeling a year or so before the Churchill deal was made was that there would be no Churchill deal at all.

Indeed, there was a time, Mr. Chairman, when the only man in this world or this province who believed the Upper Churchill could be developed was Joe Smallwood. Let that stand to the man's credit. Mr. Donald McPartland, Mr. Donald Gordon, Mr. Henry Borden, Mr. Robert Winters - all great names, all men who made a notable contribution to the development of Churchill and of BRINCO - these men, I think, had been forced to the conclusion that the only way that could be developed was to make a deal with Quebec. I was in Quebec City in 1964. I was a student, but I was there at a federal provincial conference as an observer.

That was the time when Mr. Renee Levesque, who was then the Minister of Resources in the administration of Mr. LeSage, Quebec City, laid down his famous five conditions. The conditions have all been laid down publicly, it is no secret. He said then that Quebec would not allow that deal to go ahead unless it came on Quebec's terms. "Well," you may say, "why Quebec? Why was Quebec so important?"

Well, for two reasons: First of all, nobody at that time felt that the technology was available to move the power from Upper Churchill to the Coast of Labrador, across the Straits, down to this island. Secondly and much more importantly than that, nobody, but nobody anywhere, could see any possible customer for the power, the 4,800 megawatts from the Upper Churchill, no other possible customer except Quebec Hydro.

Those who damn the deal and those who are so wise now would do well to deal with that fact. The only choice in 1964 and 1965, Mr. Chairman, was whether the deal went ahead on the terms laid down or not go ahead at all. Those who say that the deal was a bad one have to take their stand with those who say it should not have been developed at all, at least not at that time; possible today, possibly another time. It could not have been developed unless the power had been sold to Quebec, and Quebec damn well knew it.

I was privy to a number of conversations in which Mr. LeSage, the Premier of Quebec, and Mr. Smallwood, then the Premier of Newfoundland, and others were present. Quebec knew full well, and the present Minister of Municipal Affairs was in the cabinet and I was not but he can tell that that was the information which was given the cabinet by all concerned, that Quebec knew they held not only the upper hand but the only hand in the poker game.

One of Joe Smallwood's most inspired moves I suppose was to go over to London and to go to a street called "Queen Ann's Gate" and see a firm called "Preece, Cardew and Ryder," one of the great firms of the world in this field, electrical distribution and development field, and ask them to come to Newfoundland to do a

report. They did a report. There will be a copy down in the files still. I think there were only twenty copies printed at the time. There is at least one in the cabinet files, there may be others - a report which said it was technically and economically feasible to bring that power from Upper Churchill down through Labrador, across the Straits of Belle Isle, (This was ten years ago.) down the West Coast of Newfoundland and across the Cabot Strait and on into the New England market.

Now I do not know whether that was so. The report was there and it stands on its own merits. I do not know whether the concept was a bluff or not but if it were a bluff it succeeded because that was the report, and it was that decision by the Government of Newfoundland to get that report that brought Quebec at least partially to their senses. That is all history.

Those who criticize the deal now, let them deal with the facts. I have outlined some of the facts, and let them be men enough to admit it. Either the Upper Churchill went ahead on the terms it did go ahead on or it would not have gone ahead at that time and maybe not even today because, as I will deal with it later, we will talk about 1,600 or 1,700 megawatts of power from the Lower Churchill. Nobody has yet come to grips with where we could use 4,800 megawatts in the production of the Upper Churchill. Where could we sell that power if not to Quebec Hydro. Quebec Hydro knew that. Where could we sell it even today? We use on this island today, Mr. Chairman, 900 megawatts of power in a year. So, 900 megawatts times the number of hours in a year comes to so many kilowatt hours. We are using a capacity of 900 megawatts of power, in round figures. It is somewhere in this Teshmont, Zinder document.

It is not very well indexed but I had it marked and it is somewhere in here, that our annual consumption at present is of the order of 900 megawatts. We are talking of the Upper Churchill, 4,800 megawatts, five and a half times as much. I just want to put that on the record. I do not see any point in debating what went on in the past in that sense. We could learn from it. We should learn from it.

I do get a little annoyed at the intellectual dishonesty of those who would pretend now that they were so wise about what went on ten years ago when they were not heard from at the time and neither was anybody else. I do not think there was a voice raised in all of this province from Cape Chidley to Cape Race or from Cape Ray to Cape Spear against the Upper Churchill development in concept. I do not think there was a single voice raised. I do not recall if there were one. I have not checked all the cuttings and all the records and documents but that agreement was universally hailed.

Looking back now, was it a good thing? I do not know. It can be argued that it was and it can certainly be argued that it was not.

Let me say one other thing about the Upper Churchill development, because the government make a great noise about how many millions we allegedly used in Newfoundland each year: We are losing

more millions too because we did not buy the Bank of Montreal one hundred years ago or twenty years ago or five years ago. Think what we could have made on that, if we had only brought the Bank of Montreal, when its stock had gone from three or four dollars a share to forty or fifty dollars a share. Or think what we could have made per year, think what we are losing each year, Mr. Chairman, in Newfoundland, because we did not. Let us see: What now? The average house, in town? \$35,000? \$35,000? \$40,000? What were they ten years ago? \$25,000 for the same house? \$40,000?

AN HON. MEMBER: OF that order.

MR. ROBERTS: Of that order. Now that is \$20,000 a house. If only we had brought all the houses in St. John's ten years ago, we would have doubled our money whereas as a result of not having done it, we have lost God knows how many hundred millions of dollars. Well that argument is absurd but it is equally as absurd for the ministry to get up and say that we are losing money because of the Upper Churchill development.

It is all very well to say that they would make a different deal now, and so they should. So they should. The Upper Churchill and the Lower Churchill are as different as black and white or oil and water or night and day. The Upper Churchill first of all is three times as large. As Your Honour knows full well and as even the ministers opposite have had to concede, the development of power projects depends more than any other single factor on a customer, a customer who will buy that power and who will guarantee the purchase of that power at an agreed price, because that is what makes the financing possible. Even the Minister of Finance in his ill-humoured way had to concede that yesterday. That is one difference.

Secondly, ten years have past. Ten years ago energy, the energy market was a different one than today. More importantly, ten years ago, Mr. Chairman, we were in a stage, an energy crisis, electricity crisis. We had not changed significantly over twenty or thirty or fifty years. I do not have all of the prices here before me but over an historical period of some length, say twenty-five years, prices of hydro electricity, the economics of hydro power have not changed significantly. Bay D'Espoir



power done in 1965 on a bond issue. I can remember the shock that went through the then cabinet when Mr. George Hobbs informed the ministry. I remember a number of them mentioned to me how taken aback they were. You know what they had to pay for the money. Five and-a-quarter per cent, and they thought that was usury. Mr. Hobbs said he had been down to New York and I think it was Kuhn, Loeb, a very, very large New York bond firm, and the shock with which they greeted the news that the best money they could get was five and a quarter per cent.

Well the Minister of Finance would agree that five-and-a-quarter per cent money will never come again in our lifetime.

AN HON. MEMBER: A change of government might bring -

MR. ROBERTS: A change of government but Bob Stanfield? Sure. Not even Bob Stanfield's own party agrees with this economic policy.

MR. W. N. ROWE: The minister certainly does not.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: No, I agree, it is certainly not likely to come, neither the lower cost of money nor Bob Stanfield as Prime Minister. Any man who could draw 150 people in Gander, 150 of whom not more than twenty-five were sent there by the Liberal Party to count the crowd. Anyway that is somewhat irrelevant, to talk of Bob Stanfield and to talk of development in the same breath.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: It will take more Liberals to count 250 than it would to count 150.

AN HON. MEMBER: They could use their fingers.

MR. ROBERTS: That is quite right. That is quite right. They will have to use their fingers and their toes and everything else to count the votes on July 8. Mr. Rupert - well that is.

AN HON. MEMBER: There are two P.C.s running in there and George Baker and

...

MR. ROBERTS: It is okay. George Baker is a P.C. in the same way the honourable gentlemen opposite are Liberals. Let me start. The honourable, I am not allowed to comment. The honourable gentleman for Placentia East,

whose coat has as many colours as did Joseph's coat in the Bible, the honourable gentleman for Placentia West, the Hon. Minister of Finance, the honourable Member for St. Barbe South, but we have down in the Liberal Headquarters, Your Honour, down in the Liberal Headquarters - the honourable gentleman for St. Mary's is one of the few pristine Tories in this province.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: He came just in time, back from Cambridge again -

AN HON. MEMBER: No back from the -

MR. ROBERTS: Back from the - well Steve Neary has come back too, so we are twice blessed. The quality of mercy is not strained, we are twice blessed. But the number of gentlemen opposite, we have a list and I think we have them all photostated down at Liberal Headquarters. It is a most amusing rogues gallery of gentlemen -

MR. W. N. ROWE: The gallery of opportunists.

HON. MEMBERS: Inaudible.

MR. ROBERTS: We do not know who is the pain in the Minister of Finance's neck whether it is in front of him or behind him or around him. But anyway, Mr. Chairman, anyway, Sir, the price of power had increased dramatically in the last ten years. The price of money has increased. The price of money is I suppose larger than any other single fact in determining the price of power. What was considered a reasonable price of power ten years ago or eight years ago or nine years ago would today be laughed at. Cheap power today is what? Ten or twelve mils. The Minister of Energy just said a heavy industrial user, ninety-five per cent loan factor, it is better than aluminum. An aluminum plant might be ninety I understand. But somebody, you know, a large user of steady blocks of power, a twenty-four hour a day power, the best kind to sell, might get twelve mils, a preferred rate, a very good rate to induce them to come in; twelve mils. If only ERCO had been charged three and a-half mils the province would be coining money today on the ERCO deal, two and a-half they are losing.

The fact remains, Sir, that the economics of power have changed dramatically. Those who want to make so light of the Upper Churchill deal would do well to remember that, would do well to be man enough and men enough to admit the facts as they exist. Power had to go west. Indeed until the Soviet Union found a way and they made the breakthrough in high voltage, direct current transmission, there was no way the power could go anywhere, when they finally came it had to go west.

So I do not particularly, I do not align myself for a moment with those who say we should make the deal again. I think I take the opposite position today, on today's facts and today's figures. Mr. Chairman, I think those who talk so glibly of the alleged bad deal on the Upper Churchill should be ashamed of themselves. They are distorting history. They are being intellectually dishonest. They are just not presenting all of the facts.

There are one or two things where they are on stronger ground and I again agree with them. I got quite angry three or four years ago, I got involved in an exchange, between Sir William Bennett of Iron Ore Company on the one hand and various officials of BRINCO on the other hand, over the sale of that 300 kilowatt or megawatt block of power. The CFLCo trust deed I believe has a clause in it that they will not sell power to anybody less than they sell it to Quebec hydro at point "A". The result of that was that they maintained and the problem was not resolved when we left office, I do not know if it has been by now, I assume it has, they maintain that the power that was being recalled, which was being used to fuel and power the expansion at Labrador West, Labrador City, the Iron Ore Company, that power had to be sold to IOC in Labrador for the same price that it was sold to Quebec Hydro.

There was a long argument. It was not settled. The position the government took then was that it should be sold at a preferential rate, a lower rate. All we kept hearing in return was the trust deed prevented it. I say that if it were not resolved when I left office, I assume it has been resolved now. I do not know what the lawyer - has it been resolved? Okay!

Well then, the Minister of Finance shakes his head, it is still a live issue. But I mean the fact remains that if that trust deed were held to rule in the matter, then I think we should have every reason to be angry. I do not think BRINCO for a minute deliberately tried to produce that result. I would think it was carelessness and neglect and if it were carelessness and neglect, all those involved have to take their share of the blame.

Mr. Chairman, the closing of an era, the departure of BRINCO from this province as a hydro company, they are not leaving the province as a mining company or as an oil and gas company, they are still retaining their rights there and whatever else they choose to get into but it is the closing of an era, and I think that this Committee will be less than generous if we do not pay a tribute to BRINCO for what they did accomplish. I will grant, as did the Minister of Energy, that BRINCO are motivated by profit; as long as we are to have the free enterprise system that is the way it will work. I am not so sure the free enterprise system is the answer to every prayer but it seems to work better, for all its faults, than does any other system in the world. The honourable gentlemen opposite are constantly on their feet mouthing pious platitudes about not being socialist and about welcoming the free enterprise system. Well and good! That the free enterprise system is motivated by the profit motive, that is what makes it tick. BRINCO went into Labrador, in the main, to make money.

AN HON. MEMBER: Pioneers.

MR. ROBERTS: Pioneers. But they went in there to make money just as everybody else under that system goes into business to make a dollar or as many dollars as they can.

But let it be recorded as well that BRINCO took great risks; no risk now. They took great risks. They went into what was then an unknown wilderness, largely unexplored. There have been no real explorations other than a few men walking across Labrador. One or two of them, like Dr. Hubble, died in an effort to find the Upper Churchill, or the Grand Falls they were then called. BRINCO raised substantial sums of money. I for one am quite willing to pay tribute to what those men did. They tamed the wilderness and all of them have every reason to be proud of

it, right from Mr. De Rothschild, the members of his firm who were active in the early years, men like Don McPharland, who was killed before the project came on stream but whom I suppose more than any other single man in the BRINCO organization made it work: Henry Borden, Donald Gordon, who has since died, and Bob Winters who again has died. Newfoundland was served well by these men, Sir.

Oh, they were looking for a dollar and they doubtlessly made a dollar, but so what? They could have made their money elsewhere with more ease. They did not have to go to the middle of Labrador when nobody thought it could be done. Give them credit, Sir, give them their due.

Today we are ending their connection with the hydro resources, and I think it is the right thing. Indeed I have not heard them object. They may not be very happy but I do not think they have taken any public objection nor any privately, to my knowledge.

Record their contributions. That includes now the men in charge, Mr. Mulholland, Sir Val Duncan and many others. They made their contributions. They built in Churchill Falls, in the heart of Labrador, one of the great industrial projects of our time. It seems easy. It seems so easy, but that is the measure of their success. They brought it in on schedule: ahead of schedule. They brought it in within construction cost estimates. They financed it without government guarantees or without public assistance other than the tax abatements. They were great pioneers.

I do not want this debate to pass on my part without recording their contribution. They have served us well. They have served themselves well too perhaps, financially. That I do not know, but they do have reason, as men, to be proud of what they have achieved. I would hope that somebody speaking for the government would join me in that tribute.

I am not saying that BRINCO's contact with respect to the Lower Churchill is in the same order. It may or may not be. We will come to that, but I think we should record what they did on the Upper Churchill. It was one of the great sagas in Newfoundland's history, Sir. The thousands of men who worked there will speak well of BRINCO. The people

of Labrador will speak well of BRINCO.

Now, Sir, on the bill before the committee, let me say one other thing about the Upper Churchill:

In retrospect it would seem that there was a good cause for questioning what was done in 1966, in the mid 1960's and the early 1970's and the conventional wisdom with respect to the development of the Upper Churchill.

The conventional wisdom then was that it was a great project and that Newfoundland was going to do well. Nobody questioned it. I heard nobody question it until at least 1970 or 1971. Nobody did: the conventional wisdom swept all along with it.

In history it seems that there is at least a case for questioning it: it may have been a conclusive case. That fact, that there was a case for questioning it, lead me to say that there is a case today for questioning the conventional wisdom of the Lower Churchill deal. The Lower Churchill deal, as outlined by the Minister of Finance and the Minister of Energy, the conventional wisdom is: Hurrah! What a great thing it is! But there is a case for questioning that. I propose to raise some questions.

We are not saying we are opposing it. I still do not know enough to know whether the Lower Churchill deal should go ahead or not. The Upper Churchill is a separate matter altogether.

The bill before the committee now, strictly speaking (Fortunately Your Honour is allowed to debate it.) is to cover Labrador water and Labrador power: because that is what it is all about. The bill itself is fairly straightforward. It must be clear what we are doing. The Minister of Finance said so yesterday, I think. I did not make detailed notes on that part of his statement but I do not think he did anything except to make it clear that all that this bill does is to authorize the government to enter into certain agreements and above all to borrow \$160 million for the purpose of buying two assets, two tangible legal rights, the first on of these being fifty-six percent of the shares of Churchill Falls Labrador Corporation, a federally incorporated company, a company which when the share purchase is completed will only have two shareholders. Either the Government of Quebec or Hydro Quebec ( I do not

know which holds the shares.) who will hold about thirty-four per cent and the Government of Newfoundland and Labrador who will hold sixty-five per cent. We now hold nine per cent of CFIC and for \$160 million we are going to buy the other fifty-six per cent, in round numbers.

We will also be buying certain water rights in Labrador: all of the water rights other than those previously alienated. I do not think that there were any previously alienated before the BRINCO Agreement of 1953. I do not know if there were or were not: but the agreement of 1953 said: " . . . all except those that have been previously alienated." I do not know if any were alienated or not but we are now buying everything that BRINCO owned with respect to water rights in Labrador.

As far as that goes, Mr. Chairman, that is eminently acceptable, eminently sensible. The minister said yesterday that he thought we would probably question the amount to be paid. He had reason to think that because, as he himself all but said, the government have paid millions too much for what they are buying in Labrador.

They were prepared to take over all of BRINCO, all of it, for about \$170 million. I understand there are outstanding in BRINCO Corporation (A Newfoundland company and thus subject to the will of this Legislature.) about twenty-four million shares. I do not have the precise figures: perhaps the Minister of Industrial Development has. Does the minister remember? It is about twenty-four million here of common stock. The government were prepared to buy them, as the Premier told the committee, at \$7.07 per share. That works out almost exactly to \$170 million. For that price, Mr. Chairman, the government were prepared and could, in fact had the legal power to do so or the House had, to take over everything that BRINCO owned.

We all know what happened. The Premier made his announcement and then the government started negotiating, and the negotiations ended in an agreement, the one, the share-purchase agreement, now before the committee.

The result of that was that the government paid \$160 million. They paid too much: they were had. I do not know how much too much they paid. It may have been \$1 million or it may have been \$50 million.

June 7, 1974

Tape 1723 (Afternoon)

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and damn the consequences, which would have been quite considerable.

Now they negotiated a deal and like a bunch of cream puffs gave  
in at \$160



million. Well it is only money I know but it is a lot of money and even ten millions or twenty millions is too much if it is surplus. We need money in this Province. The Minister of Finance wings fourteen millions in extra taxes out of us this year. He thought enough about the need for fourteen million dollars to risk the political unpopularity of raising taxes.

So when the Minister of Finance said he thought we would oppose it, he was right because he knew the truth. He knows the facts perhaps better than any of us. He certainly knows them better than me because he has not given us any facts, which is the next point, and perhaps one of the honourable gentlemen who speak will give us some information.

We have yet to see and two ministers have spoken. They have taken, I suppose, about two and a half or three hours in total between them, but have yet to give us any financial information at all. We are being asked to put the people of this Province on the back of \$160 million or actually, if you read the bill, on the back of \$320 million. The bill is not \$160 million, Your Honour, it is \$320 million. That is what this government will be authorized by this bill to pay for. Not one single minister has given the people of this Province any information about how long it will be paying back. We know the Bank of Nova Scotia lent the money and they would lend money to Communist China if it were a good business deal. Why should they not?

I want to know, the people of Newfoundland want to know how long it is going to take to pay back this money? What is the interest rate going to be? Are we paying prime rate, eleven per cent, or are we going to pay more than prime? I want to know what sort of revenue CFLCo generate. It is astonishing, Sir. Here we are. We are going to become two-thirds shareholders in a company which the government tell us is vital to the very life of our Province and they do not trust the people of this Province far enough even to table a balance sheet or a profit and loss statement or anything. It is a shameful display.

The Minister of Finance I thought would do it. When the Minister of Finance did not, I figured for certain the Minister of Mines and Energy would, but they have gone through their speeches, two and a half, three hours and not a word from any of them. Is it going to take us twenty years to pay this off? One hundred and twenty years or twenty weeks? I do not know. All I know about BRINCO is what they have put out in their public press releases and they get a certain amount of money from CFLCo, and they disclose that because they are a public company. Those are the dividends paid from CFLCo to BRINCO, representing BRINCO's fifty-six per cent interest.

I do not know what sort of reserve CFLCo may have. I do not know if it has any reserves or not. I do not know anything at all. I have seen their published statements, of course. Their published statements are available. They have published them in English and in French.

I would like somebody in the ministry to tell this House, this committee, the people of this Province something about the finances. I would like to know where the \$160 million figure came from. I suspect the government gave in like a bunch of cream puffs at the end and slashed out too much money. The Minister of Finance all but admitted that yesterday. He did not say quite that but he all but said it.

I would like to know how it is going to be paid back, how long it is going to take, because this bill, Mr. Chairman, puts the credit of the Province squarely behind that money, every single nickel of it. Do not be fooled by anybody who is saying that it is an indirect debt. In the eyes of the financial community this will show as every much a direct debt as the Power Commission. The present Minister of Finance was over here on his first trip over. He will have another one coming up in due course. How he used to wax eloquent about the debt of the Province and on how many hundreds of millions of dollars it was. He used to include in that figure all the indirect debt, the Power Commission guaranteed by the Province, most of it, and one thing and another. Now

By Heavens! He is on the other side and again now he has changed his tune. He might not have changed his policy but he certainly changed his position. Now all of a sudden it does not affect our credit. That is nonsense. The \$160 millions goes on our credit. It will show in our balance sheets, a contingent liability in the eyes of the financial community, because this is a controlled subsidiary. It will show as a direct debt or it will be regarded as a direct debt. That is certainly correct.

The Minister of Finance did not point that out nor did the Minister of Energy, and it is equivalent to one year's borrowing for everything. The minister's budget this year, he is going to borrow, if he live with his estimates, about \$160 million for everything: debt repayment, schools, hospitals, the whole works. So we have one more year now. We got two years borrowing in one. That is not necessarily a bad thing. It is an asset that will produce some revenue. I assume it will produce enough to service the debt. I do not know that. I only assume it. The ministry have either neglected to tell the people of Newfoundland or are too contemptuous to tell the people of Newfoundland the truth. Well, let them reveal that information. Let them make it public. Let them give the people the facts because this \$160 million is going directly on our debt as a Province.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: No, no. Oh! Come now! It may show as a contingent liability, but the minister says no. When he was over here how he used to wax eloquent. Sir, everything was a direct debt then, everything. Yes, the minister wanes just as well as he waxes too. If ever there were a shooting star that crossed the firmament, Mr. Chairman, and disappeared out to sea in the death of night, it is the Minister of Finance.

Now, Mr. Chairman, how can one be statesmanlike, Sir, with a man who changes his principles as readily as he changes his shirt?

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Well, then he has certainly found some new ones which are in conflict with his previous ones.

Now, Mr. Chairman, my colleague last year, in the Shaheen bill, or the year before, exposed the Minister of Finance for what he truly is. The people of Newfoundland know that, but that is a little off topic. Let me say another word about bill 82, Mr. Chairman.

I would hope the honourable gentleman comes and runs against me in White Bay North. The honourable gentleman could not get elected in White Bay North if he were the only name on the ballot. The only way the honourable gentleman could sweep White Bay North is if he were given a broom and a dustpan and put to work.

MR. EVANS: Inaudible.

MR. ROBERTS: Ah! The gentleman from Burgeo has once again entered the debate. Now it has a high intellectual calibre.

MR. EVANS: Inaudible.

MR. ROBERTS: Mr. Chairman, I have never before run into people who were ashamed of their member until I ran into the honourable gentleman's constituents. When one hears him speak in the House, one knows why.

MR. CHAIRMAN: Order, please!

MR. ROBERTS: Your Honour feels that the gentleman from Burgeo is somewhat out of order.

MR. EVANS: No, I was not out of order. The honourable gentleman is.

MR. ROBERTS: They sent a group away to the retarded children's athletics. How come he is not there?

Now, Sir, a few words about bill 82 that I think are relevant. First of all it is a direct charge upon the debt of the Province. Section (5) gives the cabinet the power to guarantee unconditionally both as to principal, interest, including interest and overdue interest, premiums if any and sinking fund payments if any, any and all loans raised by the Industrial Development Corporation. So it is a charge against the Province.

Secondly, coming from a cabinet, particularly the Minister without Portfolio, the gentleman from St. John's East who used to be so eloquent on giving back to the House the power to borrow, this

government are asking for an unprecedented grant of authority. The cabinet, it is not the House of Assembly, Sir, that is borrowing this money, it is the cabinet. They have the power to set the terms, the rates, the discounts, the everything. There is not even a requirement in this bill that they have even to inform the House. The bill would give the government this vast power. I think it just again exposes the hypocrisy of the position taken by the cabinet. Was it a year past we heard the mealy-mouthed exhortations of a number of ministers about how they were restoring democracy?

Well now, here they are, the largest single amount ever borrowed on our credit, and they are not even proposing to refer it back to the House:

Thirdly, it is not \$360 million as they would pretend. It should be noted that this bill gives the government authority to borrow \$320 million.

AN HONOURABLE MEMBER: What is the 320 figure?

MR. ROBERTS: What is the 320 figure? It is twice 160 and if one looks at section 3 - (4) it says, "Subject to subsection (5)" (which requires the repayment of the interim loan) "a loan not exceeding the statutory sum" (i.e. \$160 million) "maybe raised under subsection (1)" (which authorizes the corporation to go borrow money) "even if an interim loan has been raised by the Corporation under subsection (3) and even though, pending the repayment of the interim loan, the liability of Her Majesty will exceed the statutory sum but the liability of Her Majesty in respect of the sum of the loans raised under subsection (1) and (3) shall not, subject to Section (4)" (which provides for even more escalation) "shall not exceed double the statutory sum. The statutory sum in 2 (e) is defined at \$160 millions.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: No limit on the interim financing. The government could go out and borrow the interim financing tomorrow and the main financing a year from now and carry on. This provides for the borrowing of

\$320 million, not \$160 million. I do not pretend to be a legal draftsman, Mr. Chairman, but I would have thought the government could have done better than that if they had really wanted to.

The honourable Minister of Finance crossed the floor of the House, left the cabinet over \$5 million in interim financing.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: The gentleman from Green Bay has erupted again. Ah! That is not fair. I should not hold him responsible -

MR. W. ROWE: There is an election now. He should go and snatch a few posters.

MR. ROBERTS: Yes, yes, I had forgotten that. Did the honourable gentleman snatch any posters recently?

MR. B. PECKFORD: Come to Green Bay.

MR. ROBERTS: I would love to come to Green Bay, Sir. I would like to visit it while the honourable gentleman is still the member, which means I must do so quickly.

AN HONOURABLE MEMBER: He would be afraid.

MR. ROBERTS: Afraid of the honourable gentleman?

AN HONOURABLE MEMBER: Yes.

MR. ROBERTS: Oh, no! I mean I have faced far worse than that. Why just the other night there was a fly loose in our house and I had to go and kill it. So I mean, I am not scared of the honourable gentleman. I am not even scared of -

AN HONOURABLE MEMBER: He is afraid.

MR. CHAIRMAN (Dunphy): Order, please! Honourable gentlemen are not being relevant to the bill that is now being debated. I would also caution members to my left that when a member is speaking he is to be heard in silence, and to afford him that courtesy. Honourable members will have time to speak later in the debate.

MR. ROBERTS: Thank you, Mr. Chairman. They all seem very worried about White Bay North. As a matter of fact they sent a man from Green Bay down there last time and he did not even win the nomination, Mr. Cyril Pelly lost the nomination.

Now, Sir, the other yahoo, the gentleman from Bonavista South, has honoured us again with his presence. Mr. Chairman, the real questions raised by this bill go beyond the points I have just made. In fact the government have authority to borrow up to \$320 million which is equal to a quarter of the debt of this Province this day. The fact that they are ratifying a deal they have already entered into, the deal is not subject to ratification. They have spent \$160 millions and it would be a very interesting thing if this House defeated the government on this issue. Could BRINCO sue for \$160 millions? As I read the Sherbrooke's Agreement, they could if they wanted to. It is not subject to ratification.

The other agreement for the hydro rights of course is subject to ratification because it has the effect of amending legislation. The government of this Province, without any reference to anybody except themselves, and I am not even sure they have done that, have put the people of Newfoundland on the back of at least \$160 million. They have done that. They are the crowd who were going to consult the people and were not going to enter into any deals without explaining, and they still have not explained it. They signed it on Wednesday. Gave it away, it is done now, \$160 millions gone. The House will sustain them but how contemptuous of them to think that the House would. That shows their respect and regard for the House of Assembly.

Now, Mr. Chairman, the real issues raised by this bill are the ones to which the Minister of Finance has largely addressed himself and the ones to which the Minister of Energy has largely addressed himself. These are the real questions that should be dealt with by this committee. The purchase of the Upper Churchill, we bought a going concern, largely in operation. It will be finished in six or eight months. They have the people to operate it. Everything is jim-dandy, a very lucrative little investment, I have no doubt. I hope the government will give us the figure. I hope they will honour us by letting us know how much it is going to cost and what we are going to net each year. Are we going to

make a profit on our money and all of those things? How many years to pay off the \$160 million? If the company is making \$16 millions a year and we are paying eleven per cent on \$160 millions we are paying nearly \$13 millions a year in interest. I mean, what are the figures? I do not know what they are. I know only what CFLCo published in their annual reports and they certainly do not reveal that type of information. They have not even come on stream there. It is the first significant income apparently, during this year.

The real questions, Mr. Chairman, are the questions: What is the best way to develop the Lower Churchill and the other power resources in Labrador? What is the best way to get the power we need in this Province particularly the Island part because it is where the majority of our people live? What is the best way to get that power? Those are the questions. They are two separate and distinct questions. The answer to one may be the answer to another but they have to be looked at separately and examined separately and each one judged on its own merits. What is the best use of the power from Labrador? We must look at that question the same way we look at the development of any other resource in our Province. What is the best way to use our forest resources, the best way to use our fisheries or our mines or our human resources? We must look at what is the best use of the power resources of Labrador. They are there. They are real. They can be developed. They can be used. What is the best way to use them? What will be the best return for the people of Newfoundland and Labrador? Then, what is the best way to produce the power we need in this Province in the years to come?

Those are the questions. They hardly elevate me to the genius status in formulating them but they are the questions. They are rather good questions. Let me say that I am not sure I know the answers to them, Mr. Chairman. Let me say that I am equally certain and I listened to every word the Minister of Finance said and every word the Minister of Energy said and I heard the Premier's statements on all of them, I say now the



government are not sure of that. They are not sure of the answers to those two questions. They are not certain. The honourable gentleman spoke for an hour and a bit, Mr. Chairman, and he answered nothing and he revealed even less. He should be ashamed of his performance today. I expected better from him, a gentleman with his education and his dedication to the job.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Mr. Chairman, the poster-snatcher from Green Bay is at it again. I wonder what he is paying for posters now. They were at a pretty low level in Hermitage. What was it? One dollar? He gave the little fellow, one dollar. Poster Snatcher! Poster Snatcher! What a contribution for a man to make to a campaign, to snatch posters.

MR. CHAIRMAN (Dunphy): Order, please!

MR. ROBERTS: No wonder he was demoted. Does Your Honour want to say something?

MR. CHAIRMAN (Dunphy): I asked for order!

MR. ROBERTS: By all means. I think anytime Your Honour asks for order he should have it.

Now, Sir, as I was saying before the poster-snatcher from Green Bay interrupted me. . . trouble with a small mind, Mr. Chairman, is that it latches on to the glimmer of an idea and it can go no further. That is what is happening to him.

Now, Sir, the honourable—Ah! Why even dignify him by replying to him? Mr. Chairman, the real issue before this committee now is nothing less than the future of this Province. The Lower Churchill development has the potential to cripple this Province financially or it has the potential to help this Province substantially. It could do either. We are being asked now, the government are saying that they are about to launch us on a project which will not be \$1.1 billions, not \$1,100 million. The true cost when all is said and done will be closer to \$1.5 billion, an amount equivalent to the provincial debt. That is what the true cost will be, of that order. That is what the government are talking about.

June 7, 1974.

Tape 1724

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The government proposed by this one project to double our debt and even if Ottawa lend them the money as I hope and expect and believe they will, if they can make a case for it, which they have not as yet, then it still shows on our debt. It has taken us, Sir, four hundred years to reach a debt of 1.4

billion. Most of it came in the last twenty-five years, \$400 million of it, in round terms, has come in the last two years. But all of the roads and all of the schools and all of the hospitals, everything else we have in Newfoundland and Labrador today, the Linerboard Mill at Stephenville, the Bay D'Espoir Power Project and everything else that the public own, the province owns, that the corporate state owns has cost us, other than our taxes and what we paid out, a debt of about \$1,400,000,000.

The amount of money we are talking about now, the Lower Churchill project, is about the same. It will double that debt. I, for one, am not satisfied by the cavalier and gay assurances of the Minister of Finance. I have watched the minister for four or five years now. He is well worth watching. He is one of the ablest men in the House, one of the ablest men in Newfoundland. Of course I watch him and I try and learn from him. I respect him and I admire him in many ways but I learned when the minister gets on his feet and starts getting sarcastic as he was yesterday, he knows he is on sticky ground, he knows that the facts do not support him and thus he gets off his oratorical tricks and starts getting sarcastic and trying out his wit on my colleague for Bell Island who is more than able to hold his own and give better than he gets.

But yesterday I was quite taken by the Minister of Finance's attitude with respect to the question of the debt. God, I hope Brian Peckford has not crossed the floor, I do not want him. It puts me in the same class as the people of Green Bay.

Mr. Chairman, the Minister of Finance has got to do better than just get up and give cavalier assurances about how it will not affect our debt. I say it will affect our debt. I say it will affect our borrowing power in the province. The Minister of Finance has time and time again, it has become a theme song with him, said that we must restrain our borrowing. In 1972 he said it. In 1973 he said it. In 1974 he said it. If he were still Minister of Finance next year he should be saying it again. "We must restrict our borrowing. We are limited. No! No! No!" That is all he knows.

This year he increased taxes. I will tell you why, not for \$14 million. Fourteen million dollars why the government increased taxes this year? They increased them because the bond markets said to them, no matter what the Minister of Finance says, the truth is that the bond market said to them, "You have got to raise more money by taxing your people before we will lend you the money you want." He can deny that until he is black and blue in the face but what I say is correct.

I say now, I say now, Mr. Chairman, from a better source than did the Minister of Finance, I say now, Mr. Chairman, that the government have to proceed very carefully and with a great deal more study and caution and attention and concern than they have shown before they launch on this wild extravagance.

The Minister of Finance yesterday, oh, how went on about gambling! Him! He is the man who stood over here and castigated Joe Smallwood for gambling on Come By Chance. Compared to this Come By Chance is a sure thing.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Yes. Before any money was spent on Come By Chance other than the \$5 million - over which he left the cabinet and Mr. Clyde Wells, the only two who did. The Minister of Municipal Affairs did not leave the cabinet, he was thrown out. He did not leave over that but the Minister of Finance did. There is credit for it. He is entitled to that credit. So did Mr. Clyde Wells, who then sat for Humber East. They left the cabinet over \$5 millions. That was the only money at risk in Come By Chance. Already in this one we have \$20 millions at risk, the \$14 millions in the budget plus the \$5 millions it would cost them to get out.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Twenty millions at risk now. I will tell you why they are at risk. I will tell you why the government are rushing ahead. Because they have to have a big project. They see there is an election coming up.

"Boys, we are going to get hammered." I can hear it in cabinet now.

'We are going to get hammered. We have got to try and save it, get some big project,' and in comes the Tishmont Report saying that there must be a go ahead by April 1, 1974. That is why the rush. It is the only reason, the only reason for the rush.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Well the project may be sound or the project may not be sound, I do not know, nor does any member of this House, including the Minister of Finance, the Minister of Energy, the Minister of Industrial Development, the gentleman for Placentia East or any other member of this House does not know whether the Lower Churchill project can be financed and is sound the way they outline it.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: The Premier - The honourable gentleman will have to do better than that, I got \$25.00 here that is worth more than the honourable gentleman laying his reputation on the line on this matter.

AN HON. MEMBER: Could we have a little more collateral, please?

MR. ROBERTS: Yes. Could we have some security.

AN HON. MEMBER: The Member for Burgeo -

MR. ROBERTS: The Member for Burgeo is assured of it.

MR. ROWE, W. N. Oh, well that is good collateral.

MR. ROBERTS: That is, the bond market will rust to lend us \$1.5 billion on the strength of that. As a matter of fact, you can see the ships, The 'Edmond B. Alexander' was the largest ship ever to sail through the Narrows but the ship that comes in bringing the money that New York and London and Paris and Toyko will send here to back up the opinion of the Member for Burgeo, Sir, will be larger than the "Edmond B". No wonder they are blasting out the Narrows, Sir. The word has gone out. They will need - John Shaheen hired the "Queen Elizabeth" to come to Com... Chance. By heaven! He will need two of her to bring the money in. The gentleman from Burgeo should do well, if he do not know what he is talking about, to keep silent.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Now, Mr. Chairman, the point I am making -

MR. NEARY: Can we get that on record, Sir, because that would be the best seller. We could get a gold record if we could get him on that.

MR. EVANS: Inaudible.

MR. ROBERTS: Now, Mr. Chairman, -

MR. EVANS: Inaudible.

MR. NEARY: A Silver Anniversary project.

MR. ROBERTS: Could somebody have a word with Mrs. Perlin about the gentleman. I mean really he is over the age of consent but unfortunately he is not over the age of reason.

MR. EVANS: Inaudible.

MR. ROBERTS: Now, Sir, the honourable - I am going to be careful to be parliamentary, I mean I cannot really say what I really think of the gentleman for Burgeo, can I?

Now, Mr. Chairman, the point I am making, the one I am making is that this project is a vast one.

MR. EVANS: Is he making one?

MR. ROBERTS: The honourable gentleman is unable to understand? Well, he is not to blame for that. Medical science, Sir, could not help him. Psychological science could not help him. I do not suppose there is any help for the gentleman for Burgeo -

MR. EVANS: Inaudible.

MR. NEARY: I do not know why Nutbeem brought a comedian over from England when we got him around.

MR. CHAIRMAN (DUNPHY): Order, please!

Although the Member for Burgeo may appear to be interrupting the speaker, it appears to the Chair that he is being somewhat provoked and I would ask honourable gentlemen on both sides to refrain from personalities and to get on with the debate.

MR. ROBERTS: Your Honour, may I respectfully take umbrage to Your Honour's assertion that I am provoking that?

AN HON. MEMBER: He is!

MR. ROBERTS: Now, Sir, the point I am making is that this is a vast project and the government have already committed us to \$20 million, not \$14 million but \$20 million.

MR. W. N. ROWE: ... because he crossed the floor four times.

MR. ROBERTS: The \$20 million may turn out to be a good investment or it may not. But I say they have entered into that judgement to spend that \$20 million for partisan political reasons. The Come By Chance Refinery is not off the ground yet. There is no evidence that it will be off the ground this year. The Premier announced in February 1973 that it would start in June of 1973. Here it is, June has come and gone, and July and September and October and November and here it is June again and this June will come and go and there will be no activity at Come By Chance of a significant way to start that project, I do not know what is wrong with it. I do not pretend to know. I can make some shrewd guesses. I suspect that a \$300 million refinery is going to cost them closer to \$400 million. I will wager a modest amount of say, fifty-two and a quarter cents that this ministry will be back in this House next year or later this fall to ask for the bill to increase the province's stake in the second Come By Chance Refinery. I will out -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Ah! The honourable gentleman, not a chance. He had his fangs pulled over the first one but I will lay my fifty-two and a quarter cents on the table. The Premier showed us what could be done with the honourable gentleman. He meekly whipped him into line, and meekly he trotted in like it was his idea. The man who made his name fighting John Shaheen, now becomes the chief apologist for him.

MR. NEARY: He had the carpet whipped out from under his -

MR. ROBERTS: It is the respect I have for the honourable gentleman's opinion. I will go to \$1.50 for the honourable Member for Harbour Main.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: One dollar and fifty cents for the honourable Member for Harbour Main. had the carpet whipped out from under him and now he

MR. NEARY: He had the carpet whipped out from under him and now he got whip lash.

MR. ROBERTS: He will not be back.

Now, Sir, just look at some of the elements, some of the facts which lead me to say that this project may or may not be a good one but that this government do not know, they do not know what they are doing. They cannot say what they are doing. They have not looked at it enough. They have not studied it enough. They are not in any position to commit us to anything not alone \$20 million or \$1.5 billion. My concern is not just that the \$20 millions, that is a lot of money, an awful lot of money but it may be well spent in investigations.

My concern is perhaps best expressed in the words of a senior public official in the Government of Canada, a man intimately involved in this, in these whole studies, in this whole project, who said, "Your Premier," referring to the gentleman for Humber West, "Has made a classic political error." I said, "What is that?" Well he said that he has made a great big position, now he has got to try and bend reality to fit that position. I say that is the danger that confronts Newfoundland on this project.

The government have nailed their colours to the mask. They have made the statements, everybody in Newfoundland and Labrador today thinks the Lower Churchill is going ahead and the power will come across the Straits and will come to Newfoundland and be used here. I have no doubt that enough men and enough dollars can do that. I will have some words on one or two aspects of the technical end of it but I have no doubt those problems can be overcome, given enough men and enough dollars, just as we got a mill at Stephenville, the same way, enough men and enough dollars. The mill at Stephenville will never pay for itself; the \$200 millions we have in there or whatever it is by now, a large part of that will end up being written off, one way or another. That is the danger. It is a common danger. It is an easy one to state, it is a hard one to avoid.

The government have taken their position. Everybody thinks - I am getting letters from my constituents, phone calls, messages from all over the island, saying that they want to go to work on the Lower Churchill. "Sir, can you help us get a job." I bet the honourable gentleman for



Placentia West and St. John's South and St. Mary's have had calls like that or inquiries from their constituents. People who think she is underway and the word "Churchill" to them means thousands of jobs, because that is what the Upper Churchill was to them. Well paid jobs. good conditions. good work. lots of overtime. best of money. They are all set to go now because we need the jobs, the 25,000 unemployed are not just an abstraction. What is it 25,000, 26,000, 27,000? They are just not an abstraction. They are just not numbers on a piece of paper. Those are Newfoundlanders, people who want to work. They are all set to go to the Churchill now. They are all set to go. The pressure is on the government.

I have a fear that this government for political reasons are coming closer every day to an election, an election which they know they are going to lose. They are coming closer. They will try anything.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: That is right. If the honourable gentleman want to try, he will get the same answer from the Liberal Party in 1974 as he got in 1969.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Right. He may be the honourable gentleman's next competitor.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: The honourable gentleman is welcome too.

Have we a page? How about Al Evans earning his keep for once? Would you get me a drop of water, boy? Steve, he will not even - would you get a fellow a drop of water, please?

HON. MEMBER: Inaudible.

MR. ROBERTS: A great fellow, boy, the Member for Bell Island. That gives him one more reason to be useful to this House, which puts him eighty-seven reasons ahead of everybody else. This is the man they persecuted. This is the man that they wanted to put out for fourteen days. Why? A christian gentleman, not like the good Samaritan and the Pharisee passing on the other side of the road; he is like a good Samaritan. What a noble man he is.

AN HON. MEMBER: Gunga Dinn.

MR. ROBERTS: Gunga Dinn. Gunga Dinn was a great man and his memory will last longer than that of the gentleman for Harbour Main or even than mine.

Now, Sir, -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: The gentleman for Harbour Main says, Sir, remember the other Kipling poem? The Colonel's Lady and Judy O'Grady.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Another one that the honourable Member for Green Bay should remember, "If". "If he can keep his head when all about him... and know the equal imposters of fame and defeat."

Now, Mr. Chairman, -

MR. PECKFORD: He is quoting it wrong.

MR. ROBERTS: Of course he is quoting it wrong. I have not got it in front of me. And unlike the honourable gentleman for Green Bay, I do not have instance recall.

MR. PECKFORD: It is too bad.

MR. ROBERTS: Unfortunately the honourable gentleman's constituents do not have instance recall either or he would be out of here.

Now, Sir, -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: The Minister of Finance is the one friend I have on the other side, now I am worried.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Now, Sir.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Now, Mr. Chairman, there is this lighthearted banter. Let us just look at some of the facts. Let us look first of all at the question of customers. The Minister of Energy and the Minister of Finance glibly dismissed this. The Minister of Finance got quite eloquent when he said, "Oh, if we have 1,400 megawatts on this island, will we not find

customers?" Well maybe they will or maybe they will not. But I say now that they may end up finding them with lost leaders, by giving away the power at a far lesser price than it costs. The Minister of Finance says, "No." But that is not enough assurance for anybody. He is only one man. He has already shown us time and time again how he knuckles under, how he has to knuckle under like any member of a cabinet. Even when he leaves the cabinet, there is nothing to prevent this government making a deal, giving away a large block of the power because they have to find the customer.

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Yes. Yes. He is more of a leader than the gentleman for Placentia West is, I can assure you.

Now, Mr. Chairman, the fact is we are using on this island today, I am told about 900 megawatts of power. That means that all of the years of development of this province, for everything in this province we have got our power consumption up to 900 megawatts and that includes the ERCO plant, a blessed memory — should use about 150 megawatts. It includes the paper mills at Grand Falls and Corner Brook, the Linerboard at Stephenville, it includes Come By Chance, it includes all the homes, it includes all the electricity being used in this province today.

AN HON. MEMBER: Bide Arm.

MR. ROBERTS: It also includes Bide Arm. Thanks to the gentleman for Harbour Main! It includes the fish plant at Bide Arm. He has electrified Bide Arm as it were. He has electrified Bide Arm. They will pray for him, that is p-r-a-y as opposed to p-r-e-y.

Now, Sir, the Lower Churchill will produce 1,700 megawatts, nearly twice as much, nearly twice as much. I ask the ministry where are they going to sell that much power? It is all very well to say that they are going to. I have seen that happen before too. We have already had one ERCO in Newfoundland, entered into at the advice of the Power Commission. The experts said, "Yes, Premier," when Mr. Smallwood asked them. "You can live with it. We can make money on that." Two and a-half mil power. What is it costing now? Three or four millions a year? More

possibly. How much?

AN HON. MEMBER: Three millions.

MR. ROBERTS: Three millions this year. That is only 150 megawatts that were locked into there. I fear that the government may get themselves very easily in a position, the best of motives, the best of intentions where they have got this power coming on stream, it has to be sold. There will be a great fire sale. Ayre Sons and The Bon Marche have seen nothing like it. There will be ministers going all over the globe -

AN HON. MEMBER: Do not forget the Arcade.

MR. ROBERTS: Well the Arcade, Oh, well John Murphy does not need the advertising. They will be going on over the globe asking who wants to buy our power." Give us any reasonable figure, we will use it. Who wants to buy our power?" One of the great fire sales of all times; 1,700 megawatts of power is an immense block of power. We are using 900 megawatts now, so I am told.

The report, this extremely skimpy document, 104 pages and you take out the pretty pictures and the little diagrams. I realize there are 19,000 million pages supporting it. I have not seen those, they may have been tabled, I have not seen them.

AN HON. MEMBER: They were tabled.

MR. ROBERTS: They were tabled. The table is getting a little crowded by now. The report here does not show where it is going to be used. It does not. It makes assumptions. I can make assumptions too. I can assume the Liberal Party is going to elect fifty-one members in the next legislature, and that is not correct. I have as much reason to assume that as I have to agree with that report here. They make assumptions, Mr. Chairman. There is nothing concrete. When one looks carefully at the load growth figures, it becomes airy-fairy.

Let me read it, page 19 - "New Industry" is the subhead. Oh, I will read it accurately, I am not guilty of the same sort of intellectual dishonesty as the gentlemen opposite. "One of the main advantages of having a supply of ample dependable power is the opportunity to attract

new industries to the island." Where is the Member for Labrador North? He would get a great kick out of that. "Over recent years the provincial government have contacted a number of multi-national industrial firms about locating in the province. Among them were four companies who have expressed interest in Newfoundland as a site for an aluminum reduction plant and there appears to be a strong possibility that such a facility will be located in the province.

' Since these negotiations are in various states -

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Sure if we give them a fire sale they will come in.

' Since these negotiations are in various states, load forecast were made for both a fast and slow development of the 'new industrial potential by type of customer, the power requirements of each, timing and location." Now that is it. "The new industries include a cement plant, a chlorine caustic soda plant, an oil refinery, a petro chemical complex, a pulp and paper plant, an aluminum reduction plant."

AN HON. MEMBER: Inaudible.

MR. ROBERTS: Because of the importance, sure!

Joe Smallwood was at this ten years ago. "Because of the importance of the specific location of these large loads to project design, system planning and power costs, judgement was made regarding the most likely sites at which they might locate. These sites were based on recognizable economic advantages of one site versus others.

" For example, the location of the petro-chemical complex will be largely determined by technological considerations and proximity to the oil refineries. Further, the province's economic development goals were considered in the light of possible incentives designed to attract new industry." That is interesting. They have had a planning task force at work for two years which has not produced even that much of a statement. So, they get some instant experts who never heard of Newfoundland until they got here. Did the Minister of Industrial Development hear about the meeting at the university when they talked about icebergs?

It goes under fast forecast; assumes a more rapid rate of development of new, large, industrial loads, and that some of the plants will be larger than those estimated for the slow forecast. Annual demands and energy requirements are listed in table 31 and a graph of energy growth shown in figure 31. It goes on to tell us about aluminum plants.

Now, Sir, if that is the sort of policy under which we are going to borrow a billion and a half dollars, it will be a billion and a half by the time they get that power fed into this island, then I say that this government are on the verge of what could be the greatest single disaster ever seen by any Canadian government in economic development. The government have got to be a little more definite, Sir.

I have no doubt they can get the power here but where are we going to use it? It is a great amount of power, twice what we are using now. Everything in Newfoundland only uses half as much power as the Lower Churchill alone will produce. Where are we going to use it? Once that development goes ahead, Mr. Chairman, we have to use the power. We are paying for it.

MR. W. ROWE: You take the best you can get.

MR. ROBERTS: Right. You take the best you can get. That is well said, brilliantly said, "The best you can get." If it should be some aluminum plant that knows, the word will go out, 'Boy, Newfoundland is on the stump again. They are down there and they have Lower Churchill coming on stream. They are locked into it now and they got to have an aluminum plant. They have to have something to use the power. We will go in there now and we will offer them, say eight mills or nine mills."

The government may protest to heaven, "Oh, we are not going to accept that." But, I have seen more intelligent men than the honourable gentlemen opposite and more reasonable men, men just as dedicated to Newfoundland, make far worse errors than that, be forced into them. That is why the gentlemen in Ottawa said that. It is not a particularly brilliant observation and not particularly new but it is a good summary of it - that the Premier has made a political commitment and now he will have to bend reality. The government will have to bend reality to try to fit that commitment. Saving face, the greatest single failing of any government, of any group of men.

Domestic growth: The report on page 14 puts paid to that argument. It says that domestic growth, utility sales are projected to increase at a compound rate of nine point nine per cent per year over the eighteen year forecast period. It sounds pretty impressive until we go on to the next one, the next sentence. "The annual load factor of the utility load is expected to continue a downward trend." In other words, we may have more customers, we will have more sales but the percentage of the power being produced that is being used by these consumers is going to go down.

Well, so much for domestic growth. We will not be able to use the Lower Churchill for domestic growth. No, let me put that a better way. The domestic growth will not take -

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Because of the anticipated additions of electric heat not industrial use, electric heat with its relatively low annual load

factor, nothing to do with industry, we are going to be getting customers who will be buying power but only using it part of the day. That is what that sentence says. That is what it says. But the power is produced twenty-four hours a day. It has to be paid for twenty-four hours a day. If we are only going to use the power eight hours a day, then we shall have to generate enough revenue out of eight hours worth of sales to pay for twenty-four hours worth of production.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: They can look at all the gigawatts they want. The gigawatts to 7657. "Gigawatt", that is energy consumption. That is only over eighteen years, an increase of 6,000 gigawatt hours.

MR. W. ROWE: What is a gigawatt? Is that what happened to the Minister of Finance?

MR. ROBERTS: The honourable gentleman does not know what a gigawatt is? He should know what a gig is. A gigawatt hour, as a technical term, is one million kilowatt hours. Does everybody now know what a gigawatt is? One million kilowatt hours. If they say that in George McLean's celebration, they win the free trip to see George McLean.

Now, Sir, the point about the domestic growth is that it will not, in itself it cannot possibly justify this particular block of power. That is all that I am saying. Of course we are going to have domestic growth. Of course our consumption will come up to the national average. So it should but it will not be enough to justify 1,700 megawatts coming on stream. (In 1985, is it?) There is a lovely little chart in here - 1986, 1987, 1985. It is found on page 28, a lovely little one, a lovely little picture.

Let us talk about an aluminum plant now for a minute or two. Let me tell the committee something which the government, if they know, have not told them. Aluminum plants - everybody with large amount of energy look at aluminum plants because they are traditionally very large consumers. Mr. Smallwood used to have the figure, 18,000 kilowatt hours for a ton of aluminum. He compared that to a ton of



paper which required 1,800 kilowatt hours, ten to one. The figures were accurate as of five or six years ago. I do not know what they are today but I assume the ratio still holds.

I understand from people who should know: the aluminum industry so realizing that they are so dependent upon electricity - electricity is the be-all and the end-all - that they went to Arvida, up in Northern Quebec, on the Saguenay River, for electricity. They went up to Kitimat, away north of the mainland of British Columbia, for electricity. In each place there are aluminum plants, huge aluminum smelters.

There is in the industry now a new concept which has not yet been proven but is the talk of all the aluminum plants and is the coming hope, and they expect it is entirely feasible. It is a new breakthrough, a new means of smelting aluminum from bauxite ore, using significantly less power. I do not have the figures. I do not pretend to know. I am not an aluminum technologist, I am not a chemist and I am not a metallurgist. I am told by people who do know that we can expect in the very near future (Alcan are now working on it and they have come a long way on it) to see the day come when energy in the form of electricity will drop from its present place of being the major consideration in developing aluminum smelters; in the processing of bauxite ore into aluminum.

If that were so, if power were no longer as important in the overall scheme, that means we shall lose our bargaining lever. That means that if we want an aluminum plant we shall have to go even lower in price. Even if there were no breakthrough, the danger is that we shall see a loss leader, we will see an aluminum company come in, knowing we have to sell these blocks of power.

An aluminum plant would use maybe 600 megawatts, four times what ERCO uses, great quantities of power. They will come in and say: "Boys, Newfoundland has got to do it. They have this project going ahead: Moores and that crowd are on the hook politically, we will take advantage of it." Do not think companies will not: they have done it before, they have tried to do it many times: they have done it once or twice. They know a government has to save face, they know the government are on the

hook, they know they will have to make a deal, so we will find ourselves locked into another ERCO situation.

The ERCO situation was not conceived as a loss leader. It was just a straight mistake. I could see a loss leader, whether it is a mistake or not, and the danger is there. The government have got to find a customer for that power. According to the Teshmont Report, the power will all have to be consumed by 1985. That is what that little diagram shows.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Yes and slow industrial growth brings it all the way up to 1986.

AN HONOURABLE MEMBER: 1987.

MR. ROBERTS: Well, I will split the difference. We will make it 1987. Whether it is 1985 or 1987, that is only twelve years away. The project will not come on stream until 1979. We are going to end up now with great quantities of power which must be sold or we pay for it. Oh yes! We look at the Minister of Finance's estimates now because once the project comes on stream, it comes on stream.

AN HONOURABLE MEMBER: This is where the federal financing comes in.

MR. ROBERTS: Oh, yes. I will come to federal financing in a minute. This is the great handout government now, the government that is against handouts. It has got to get to the stage where the only thing that will save us is Ottawa.

Ah, Mr. Chairman, the point of power is this: They will develop 1,700 megawatts and that has to be paid for because the cost of developing it is there. They maybe can shut down a generator, but the cost of running a generator is minimal. That is what happened in Upper Churchill. They had to sell the major block of power before the thing could go ahead. They had to have the take or pay contracts and we will have to have them here. We will have to have them before one nickel comes out of Ottawa. We will have to satisfy them. That is why the load growth is so important.

The honourable minister gets up and with a sweet, reasonable air talks about load growth. It is reasonable and important

because it goes to the guts of the whole concept. Unless the honourable minister can show Ottawa where that load growth is going to come - this report does not show them anything - then there is going to be no federal financing because it is just putting good money after bad. That is my fear. My fear is not that we cannot sell it. Of course, we can sell it. We can sell anything for a price. The danger is there.

Let me go on to talk about aluminum.

AN HONOURABLE MEMBER: Is the honourable member not being just a little bit negative?

MR. ROBERTS: I am not being a little bit negative. I am being a little bit straightforward. I do not want to be a citizen of a province - whether I am a member of the House or Leader of the Opposition or Premier or what, it does not matter - in which we have got a billion and a half dollars sitting down on Gull Island in the Labrador and great transmission lines coming down to Forteau and across the Straits and up the Northern Peninsula to Deer Lake and there across and into St. John's, turning out power and we are buying it. We, the people of Newfoundland, taxed as we are, are lashing out the interest, \$100,000,000 a year, to service the debt. If we do not find customers, we are going to end up doing it. That is the danger. That is not being negative. That is being far more straightforward than the Minister of Energy has ever been in his life.

Now, let me talk also, Sir, (I will talk about alternates later) about aluminum plants. I was glad to hear the Minister of Energy say that he is not so sure that an aluminum plant is the ideal customer. I am putting words in his mouth but that was his concept. I am not so sure an aluminum plant is a good thing for Newfoundland. I am not so sure for five minutes that it is. An aluminum plant will come to Newfoundland, if one comes only because of power. Ports? There are ports elsewhere. We have ports too, of course.

We import the materials. Almost everything that goes into aluminum except the power is imported - bauxite. We export the product. I am not so sure there is very much of a return to us.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Well, alumina. But that is bauxite smelted into alumina.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: Yes, in bulk and in chemical composition.

We still import the raw material and we export the product. We do not even add very much skill to it on the way through.

AN HONOURABLE MEMBER: Inaudible.

MR. ROBERTS: That is a good way to put it, a very good way to put it.

AN HONOURABLE MEMBER: Well, use it.

MR. ROBERTS: Well, I shall with due credit to the honourable gentleman and I hope he will give due credit to whoever gave it to him.

Mr. Chairman, the point is that aluminum is not necessarily a very good thing for economic development. The number of jobs produced in Newfoundland - all we are interested in is the jobs and the benefit to our economy. I am not worried about the benefit to ALCAN or to Harvey or Amax or to Pechinet or to any of the other companies, Norsk Hydro. I am not interested in the benefits to them, I am interested in the benefits to Newfoundland.

An aluminum plant, using 600 megawatts, a third of the production; \$4 million or \$5 million worth of our credit tied up for I do not know how many jobs, 800 or 1,000 maybe direct jobs. It is another ERCO.

Then there is another point on aluminum plants. I shall adjourn the debate if the honourable gentlemen - well, may I make just one point on aluminum plants? Sir, Jamaica and Guiana, as I understand it, are the major suppliers of bauxite. These countries are subject now to the same nationalist consideration as any country in the world. They do not want their raw products or raw materials exported. Nuclear plants are becoming competitive. I am told by people in the aluminum industry that they can clearly see the day coming, there have been movements already and government is already taking position that we do not export the alumina any more. They put the nuclear plant here in Jamaica or here in Guiana

and smelt it into aluminum. So, we could end up with an aluminum plant here that in ten or twenty years is not being used or that the cost of using it has gone sky high. Again, another consideration.

On that less than cheerful note I will move the debate adjourn, Mr. Chairman.

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

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

On motion report received and adopted.

MR. MARSHALL: Mr. Speaker, I move the House at its rising do now adjourn until tomorrow, Monday, at three o'clock and the House do now adjourn.

MR. SPEAKER: This House stands adjourned until tomorrow, Monday at three of the clock.

I N D E X

ANSWERS TO QUESTIONS

TABLED

JUNE 6, 1974

JUN 7 1974

THE HONOURABLE DR. A.T. ROWE, MINISTER OF HEALTH  
IN REPLY TO QUESTION NUMBER 92 OF ORDER PAPER OF  
Thursday, June 6, 1974.

At present Government has no full-time salaried dentists in rural areas. There are 18 part-time dentists who, in addition to rendering services under the Children's Dental Programme, are free to engage in unlimited private practice. The following information should be read in this context.

- (a) Government refunds to dentists employed in rural areas the amount of house rent paid in excess of \$75.00 monthly.
- (b) There is no guarantee of earnings.
- (c) Seventy-five percent of leasing costs is refunded to dentists. The maximum monthly sum refundable is \$375.
- (d) There is no subsidy towards office, etc., rent.
- (e) All relocation expenses are paid by Government.
- (f) There is no isolation allowance.

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