



PROVINCE OF NEWFOUNDLAND AND LABRADOR

HOUSE OF ASSEMBLY

Volume 1

Number 106

4th. Session

34th. General Assembly

VERBATIM REPORT

WEDNESDAY, JUNE 10, 1970

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House met at 10:30 A.M.

Mr. Speaker in the Chair.

PRESENTING PETITIONS:

MR. SMALLWOOD(W.R.): Mr. Speaker, I beg leave to present a petition from the voters of Pilley's Island. Now, Sir, the Prayer of this Petition is for the construction of a road around part of the settlement of Pilley's Island. There is a large part of the settlement of Pilley's Island not actually connected with the main highroad going down over the Island and as a result, of course, the people cannot drive to their homes or have articles delivered by truck. This is on the West side of Pilley's Island and the petition, Mr. Speaker, looks like it has been signed by about all the people living over on that side of Pilley's Island.

I solemnly support the Prayer of the Petition and ask that it be received by this House and referred to the Department to which it relates.

On motion, Petition received.

MR. BURGESS: Mr. Speaker, forgive me as I thought somebody else was, the hon. gentleman did not sit down. I would like to present a petition. This petition, Mr. Speaker, is on behalf of the residents of Labrador South mainly Black Tickle and from West St. Modeste and L'Anse-au-Loup. The Prayer of the Petition, Mr. Speaker, they explain it themselves. The residents of Black Tickle, Labrador as well as the operators of longliners and other fishing vessels in the district of Labrador South would like to make a request for the establishment of a bait depot, wharf and community stage at Black Tickle. The reason that they request the establishment of this bait depot, wharf and community stage at Black Tickle, Mr. Speaker, is the desire to have it centrally located so as to serve the surrounding area and the fishing fleet which comes from other parts of Newfoundland and Labrador.

There are quite a number of fishing vessels that operate out of Black Tickle and there are approximately 500 fishermen including 200 planters in the surrounding area and this is why they desire to have the establishment of these facilities at Black Tickle.

I certainly support the Prayer of the Petition, Mr. Speaker, and I

MR. BURGESS:

would move that it be accepted and referred to the Department to which it relates.

MR. CROSBIE: Mr. Speaker, we certainly would like to endorse and support this petition from Labrador South presented by the member for Labrador West. The establishment of a bait depot would certainly be beneficial to the fishermen and the fishery in that area. Labrador South is a district where the main occupation is still the fishery and anything that the Government can do to assist them in pursuing the fishery and giving them more facilities to improve their fishing ability is certainly to be commended and supported and whether it is this Government alone or this Government and the Government of Canada the Prayer of the Petition should certainly be supported.

On motion, Petition received.

NOTICE OF MOTION:

MR. SMALLWOOD(J.R.): Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a Bill, "An Act Further To Amend The Newfoundland And Labrador Power Commission Act, 1965."

MR. JONES: Mr. Speaker, I give notice that I will on tomorrow ask leave to move this House into a Committee of the Whole to consider a certain resolution in relation to the advancing or guarantying of certain loans.

ANSWERS TO QUESTIONS:

MR. SMALLWOOD: Mr. Speaker, I gave an answer a day or two ago to question (536) on the Order Paper of May 28th in the name of the hon. the member for St. John's East Extern. The answer that I gave was correct but it was only the partial answer. So that the House may understand I should repeat the question as asked by the hon. member. "What was the amount of the total purchases by Newfoundland and Labrador Power Commission from Newfoundland Hardwoods Ltd. in the years 1968-69 and 1969-70, and indicate the types of supplies purchased?" The answer I gave as given to me to give was 1968-69 wooden creosoted poles \$64,371., 1969-70 wooden creosoted poles \$9,916. That was quite correct but it gave the figures only for those things directly purchased by the Power Commission. It subsequently developed that in addition to the direct purchases made by the Commission itself consultants of the

MR. SMALLWOOD:

Commission had also purchased for the Commission, in 1968-69, \$168,076. worth of products and in 1969-70, \$409,825. and the purchases were of wooden creosoted poles, cross arms, anchor logs, spacer blocks and miscellaneous timber requirements so that the full answer would put these two figures together, the figures I gave as the direct purchases of the Power Commission and the figures I now give as the indirect purchases but nevertheless in behalf of the Power Commission. So altogether it came to about \$600,000. worth of products from Newfoundland Hardwoods for transmission lines and the like in the Province.

ORDERS OF THE DAY:

MR. CROSBIE: On Orders of the Day, Mr. Speaker, I have a question for the Minister of Highways but since he is not here I will direct it to the Premier. Is the statement made on the South Coast by Mr. Eric Facey, Assistant to the Minister of Transport, Mr. Don Jamieson, to the effect that work will start this year on the road from Burgeo to the existing road system in the Province, that the work would be undertaken by the Provincial Government, this would be a low cost road and that arrangements would be made later for a Federal contribution, is that statement correct that was reported on the South Coast by radio on May 21st? Is this road included in the Provincial road program this year?

MR. SMALLWOOD: Yes, Mr. Speaker.

MR. COLLINS: Mr. Speaker, before we get off this I wonder would the Premier give us some information concerning the damage to the Power Commission lines last winter. You will recall that I had a question on the Order Paper at the time and an answer was given then prior to anyone having the opportunity to establish just what the extent of the damage was and I believe the Premier indicated at the time that he would give us the information later, is he in a position now to say what the total damage was, the total cost of the damage caused and if all that work has been completed?

MR. SMALLWOOD: Mr. Speaker, is this the kind of question on Orders of the Day?

MR. SPEAKER: This question is quite conveniently placed on the Order Paper.

MR. COLLINS: What is the difference, Mr. Speaker, -

MR. CROSBIE: Mr. Speaker, in connection with the proposed road from Burgeo to join up with the existing road system, is this road proposed to join onto the Bay D'Espoir highway or to join on up in the other direction up towards Robinsons and what contribution will be made to it by the Government of Canada to the cost of it?

MR. SMALLWOOD: The actual route is in neither of these two directions or over neither of these two courses but something in between. The amount of the contribution from the Government of Canada has not as yet been determined but we have no doubt that it will be generous.

MR. COLLINS: Mr. Speaker, would the Premier indicate to the House if there is any truth to the rumor that several of the employees at Come By Chance, employed with the Shaheen interests, have decided to quit their work because they have not been paid for several months and what does this mean for the future of the project?

On motion of the hon. the Premier, a Bill, "An Act To Authorize The Lieutenant-Governor In Council To Enter Into An Agreement With British Newfoundland Corporation Limited and N.M. Rothschild & Sons, Supplemental To The Agreement Dated The Twenty-First Day Of May, 1953, As Heretofore Amended," read a first time, order read a second time on tomorrow.

On motion of the hon. the Premier, a Bill, "An Act Further To Amend The Government-British Newfoundland Exploration Limited (Authorization Of Agreement) Act, 1957, And The Agreement Made In Pursuance Of That Act," read a first time, order read a second time on tomorrow.

On motion of the hon. the Premier, a Bill, "An Act To Make Consistent The Provisions In Various Acts Respecting The Insertions Of Public Notices In Newspapers," read a first time, order read a second time on tomorrow.

On motion of the hon. the Minister of Fisheries, a Bill, "An Act To Repeal The Salt Codfish Marketing (Control) Act, 1964," read a first time, order read a second time on tomorrow.

On motion of the hon. the Minister of Fisheries, a Bill, "An Act To Repeal The Salt Codfish Marketing Board Act, 1964," read a first time,

order read a second time on tomorrow.

On motion of the hon. the President of the Council, a Bill, "An Act Further To Amend The Avalon Telephone Company Act, 1961," read a first time, order read a second time on tomorrow.

COMMITTEE OF THE WHOLE ON SUPPLY:

DEPARTMENT OF MUNICIPAL AFFAIRS AND HOUSING:

MR. CROSBIE: Mr. Chairman, when we adjourned last night I was speaking in connection with the Minister's announcement about the housing and I would just like to make a brief comment on the Minister's announcement. As I said last night this housing program for this year appears to be a very sensible one and one that can be carried out for \$10,600,000. because between seventy-five per-cent and ninety per-cent of the monies to be spent under this program would come from the Government of Canada or from CMHC. I would ask the Minister, just to remind him, to explain when he replies how the sum of \$954,000. which is in the estimates under capital account for the Newfoundland and Labrador Housing Corporation, how that will be sufficient to meet our obligations under the program? One would have thought it would have been a bit more.

I notice that 1969, for example, the Auditor-General showed an amount of \$2,463,000. which was voted on capital account for the Newfoundland and Labrador Housing Corporation and the amount in the estimates this year is much less than half that, about one-third of it, so he might explain how this is sufficient to carry on the \$10.5 million program?

Point one: land, acquisition and planning is, of course, a sensible policy. The new town areas of Corner Brook and St. John's have been announced time after time over the past several years. Yet it is amazing to me that you hear a news broadcast this morning announcing again that there is going to be land acquired near Mt. Pearl, near Corner Brook on which new towns are going to be established as though this was the first time it was ever stated. It has been stated at least five times in the last three to four years. Nevertheless this is a very sensible thing to acquire the land and control the building right from the start. So section one of the program has my whole-

MR. CROSBIE:

hearted support and approval.

Land servicing, section two, provides serviced building lots in several areas of the Province, 950 new housing units which is excellent. This is the job of the Newfoundland and Labrador Housing Corporation. I am glad to be able to say that I was a Minister when that Corporation was established and introduced the Act in this House, worked on the Act and I think the Minister has an excellent housing arm in the Newfoundland and Labrador Housing Corporation. I think we all have a very high opinion of the manager of that Corporation, Mr. Vivian, who is in the House today and I feel sure they are doing and will continue to do an excellent job.

Subsidized rental housing, the Government is going to put \$4. million more, that is the two Governments will be spending \$4. million more on subsidized housing. It would be interesting to have the Minister tell us where this housing is going to be constructed this year if he has that information, where is he hoping to build this subsidized rental housing? In answer to a question earlier in this session, Mr. Chairman, it did appear that the subsidized rental housing in Marystown had not lived up to expectations. There was a very, very low rate of occupancy of the subsidized rental units at Marystown and of the economic rental units at Marystown which showed - Of course, you cannot blame this on the Housing Authority or on our Housing Branch because they were given the projections of what was needed by primarily the Department of Fisheries and fisheries people in the area and the Economic Development people.

I think it would be interesting for the Minister to bring us up to date. What is the rate of occupancy at Marystown now in the subsidized rental and economic rental units? That is important information and to be careful in the future not to be too over optimistic. The people who are after the Housing Branch of the Government to construct housing are nearly always too optimistic in their predictions. I remember in 1966 the tremendous pressure from the Marystown Fish Plant people and the ship yard people for all kinds of units and from all Fish Plant owners around the country, a tremendous clamour for the Government to build housing in all these areas and

MR. CROSBIE:

the next year they were in a slump and the whole situation was completely reversed.

In connection with the subsidized rental I would like the Minister to tell us, are people moving under the resettlement program say from remote fishing locations, from the islands of Placentia Bay and so on, are they moving into subsidized rental? Because these are people who always owned their own homes, that never paid rent or mortgage payments or anything like that. Are our outport people accepting subsidized rental or are they moving into these units? Is this going to be successful in connection with the resettlement program and if the Minister could tell us where it is planned to build some of these units this year?

Section four of the program, shell housing, it is stated that there are going to be fifty such units constructed in Newfoundland this year. In reply to a question asked earlier during the session the Minister stated that no shell housing had been constructed in Newfoundland to date. That was his answer. The number of the question was (421), have any shell-type houses been constructed in Newfoundland and so on or have they been constructed and taken over by purchasers and completed? The answer to that was no. If any houses have been constructed and completed where are they located. The answer was none. That was the answer to question (421) and the details are going to be given in the Budget Speech. So would the Minister confirm this? I understand from the answer to the question that to date no shell houses have been constructed in Newfoundland by the Housing Corporation or any agency of the Government, taken over by purchasers and completed. Would the Minister confirm if that is the position and I think we should have some details as to how the shell housing program is going to be financed? Will

MR. CROSBIE: C.H.M.C., provide mortgage financing for these shell houses, and if so on what basis? Will part of the mortgage be paid once the shell is up, and the remainder when the purchaser finishes the house? How is this going to be carried out? We are all in favour of this being attempted, but has C.H.M.C. definitely agreed to it, and what are the mechanics of carrying it out?

To say that we are doing it is not enough, I think we need to know just how it is going to be carried out, and whether there is a definite agreement with C.H.M.C. There is a one and one-half million dollar program as stated on page three.

Now, section (5), other activities - this is something that definitely has to be clarified because it has been made to appear as though this Government is starting something revolutionary. Section (5). In addition to the house that have been purchased by the Department of Public Welfare, the Government in 1969 authorized the Newfoundland and Labrador Housing Corporation to assume the purchase of housing for the needy. Now Mr. Chairman, I am sure from this statement that this is not a new program up to 1969.

The answers to the questions that were given in this House, the Department of Welfare had purchased hundreds of houses throughout this Province, paying from \$300. to five or six thousand dollars for people who were receiving welfare assistance, and in over half the cases they transferred the title to the welfare recipient, and in some cases the Government kept the title. In 1969, this was transferred to the Newfoundland and Labrador Housing Corporation, and this statement here says that since that time fourteen units have been purchased by the Corporation. That was a question that was answered here to that effect during this session. One of them by the way, one of these purchases was a house that cost \$10,000., and thirty-three are now being negotiated, \$200,000. to be spent this year.

Now, this has been blown up Mr. Chairman, as though this was a revolutionary new program for the Government of Newfoundland, where it is nothing of the sort. This is a program that was carried on by the Department of Welfare for years, it has now been assumed by the Newfoundland and Labrador Housing Corporation, and these units are presumably going to be

used to house recipients of welfare. They are not going to be used to be sold or rented, unless the policy is completely changed.

AN HON. MEMBER: Unless the ground rules are changed.

MR. CROSBIE: Right, unless these ground rules are changed to other people, and if the ground rules are changed, what is going to be the definition of needy? These people the houses are going to be rented to, how are they going to be chosen? This whole thing has a lot of complications and complexities. Now, with respect to houses rented to welfare recipients, the Canada Assistance Plan will pay the Government of Newfoundland half the rent, and the Department of Welfare will have to pay the rest.

This is not a revolutionary new program, there is only \$200,000. involved. It is the old welfare program revised, and it will be interesting to know how - what the truth of this matter is.

The next part of the minister's statement I am certainly 100 percent in favour of. The Government is going to spend \$660,000. to renovate 140 units on Cashin Avenue in St. John's West, and 152 units in the Empire Avenue area, St. John's West. These are subsidized rental projects that were constructed a number of years ago and are now in considerable disrepair. This is a very worthwhile program, and I am delighted to see that this money is going to be spent to renovate and rehabilitate these units, because, it certainly is very, very badly needed.

The next section of the statement says that there is going to be housing for Government employees located outside the capital city, medical officers and welfare officers, total cost, \$440,000. Now last year, \$880,000. was paid to Atlantic Design Home Limited at Stephenville, to purchase, I do not know if it was fifty or sixty homes from Atlantic Design - some to be used as public housing, some to be used for medical officers and welfare officers. The cost of those units was over \$20,000. Is this \$440,000. to be used to buy more homes from Atlantic Design, or will the Government call tenders, or call for proposals for this kind of home? Will other people who are involved in this business, or outfits like the one out in the Western Provinces, ACHTO Calagary, the minister knows their name, his commissioner knows their name, 6708

what is the name of.....

AN HON. MEMBER: Alcan?

MR. CROSBIE: No, not Alcan. What is the name of the outfit.....

AN HON. MEMBER: Inaudible

MR. CROSBIE: What, no, the company that builds all the mobile homes and.....

MR. DAWE: Atco.

MR. CROSBIE: Will people like Atco be asked to make proposals, or others, or how is it planned to spend that \$440,000.? Those are my comments on the program the minister has announced. It is very good, it is reasonable and possible to be carried out because, seventy-five to ninety percent of the money will come from the Government of Canada. I remind the minister that I asked him last night - when he speaks, to advise us as to when the new public housing rental scale will come into effect? The scale as revised downwards is very important and the Government of Canada has approved it. If it is not yet in effect in Newfoundland, when will it be in effect? Is our Government going to adopt it? What is holding up the implementation of it?

In connection with the subsidized rental scale, as the minister knows, or his advisors certainly know, there are a lot of other problems in connection with that scale. What is the situation now in connection with overtime earnings of people who are living in subsidized, rental units? Has there been any improvement there? There was quite an outcry a year or so ago because overtime earnings are sometimes not reported until the end of the year and rents were increased tremendously when the overtime earnings for the previous year were reported to the authorities, and this causes a tremendous amount of controversy because it appears that a man who works hard and earns overtime is penalized by the fact that he has to pay greater rent. Is there going to be any change in the inclusion of overtime earnings in income for subsidized rental purposes? If the minister would advise us on that too, it would be a great - would be of great interest.

I think that is enough for now, I will have a couple of more points later.

MR. DAWE: I will try to reply, but I do not think I have all the questions.

The first part of the question, how could we carry out this program, the money we have is financed by a grant from the Province of \$954,000. receipts of cash brought forward from the previous year \$541,000. and anticipated sales and cash provided in 1969-70 for the Windsor Land Assembly \$135,000. making a total of \$1,630,000.

MR. CROSBIE: That would be our share of it.

MR. DAWE: Our share - also we have a provision there - that is the correct figure Mr. Chairman. With regard to subsidized housing, where it will be located in the Province, we have not actually determined the full extent of the program this year but, we are going to put in some at Grand Falls and Windsor, Gander, St. John's and other centres. This would be probably the principal centres, but as I say the program itself is not clearly defined but we have these, Grand Falls, Windsor, St. John's, Gander etc. definitely in mind for some subsidized housing.

With regard to - the hon. member mentioned shell housing, we hope to construct fifty within the City of St. John's - I am sorry, twenty-five within the City of St. John's, and we hope to put some in Grand Falls, Corner Brook, Fortune, Happy Valley and possibly some in the Conception Bay area or some other area of the Province. This is at the beginning of the program, and we hope to develop this into a Province-wide program and it is something that I am personally interested in, coming from a rural area. I think that if we can get even further modifications of this program it could assist many of our people in Newfoundland to obtain home-ownership that they would find difficult otherwise.

I was amazed a few weeks ago when I visited the Community of Port de Grave, and I saw a chap there, I stopped as I passed and visited his home under construction. He was building a house there himself thirty by forty - full size basement, and this will have all the modern conveniences, and this gentleman went in and cut a lot of the timber himself and he had assistance from the family - and he told me that he will construct this house for the sum of \$4,000. What I am trying to point out.....

MR. MURPHY: Not including materials of course

6800

MR. DAWE: Yes, including materials, everything \$4,000. That is what I say - in the rural areas, if this type of person could go to some agency of Government to get a loan of four or five thousand dollars, and use their own force, and their own friends, and their own family, and in many cases they have land at reasonable cost, or probably it would be given to them by the father of the family or some other means, and I think if we could expand this program, we would be amazed how many people in the Province could be helped to get a home at a reasonable amount. They would put in their own time, and they have friends and family that could help them, But as I say, I personally am very interested in this shell housing scheme. It is nothing new, nothing to that extent is new, but I hope that, we probably hope to develop it further than it has been developed within the Province.

MR. CROSBIE: How is it going to work?

MR. DAWE: This will be financed through C.M.H.C. in the regular manner and then naturally this will be financed on the long-term loan with C.M.H.C. and when the mortgage is paid off, it would apply to all types - as other types of C.H.M.C. loans.

MR. CROSBIE: Yes, but I mean the houses will have to be a certain standard if C.H.M.C. is going to lend on them, and how are you going to encourage the purchaser to finish the House? Is some of the money going to be held back? What are the mechanics of the whole deal?

MR. DAWE: Mr. Chairman, I am advised that we hope to at least be able to provide sufficient money - to hold back enough money to be able to buy at least the materials to finish the house and then the person himself will naturally finish the house with his own labour.

We are talking along the lines now of at least providing the materials to finish the house.

MR. CROSBIE: Excuse me, there is another question that has not been answered.

MR. DAWE: The hon. gentleman wants to ask something

MR. CROSBIE: Was this on shell housing?

MR. MURPHY: Yes, I just want to try to develop this a little better.

MR. CROSBIE: I was going to ask - I am sorry Mr. Leader

MR. MURPHY: That is all right chief.

MR. CROSBIE: This is very important, you see, if there is going to be a shell house built - that is, that the foundation and the outside of the house is going to be there, and water and sewage and certain other basic things are going to be there, it is going to be financed by C.H.M.C., now, how much are they going to advance under the mortgage, and what kind of a carrot is there going to be to encourage the person? You do not want people moving into these shell houses and living in the shell and doing nothing else for the next ten years and have the thing becoming a slum. So, what is the carrot to encourage the person who buys the house to finish it? Is C.H.M.C. going to hold back part of the mortgage, or will title not be transferred to them? Perhaps title will be held by the Government and he will not get the title until he finishes it. What provision is there going to be to make sure that the purchaser finishes off the house?

MR. DAWE: Mr. Chairman, the title will be vested in the owner, not in the owner, the mortgagee, the title will be vested in him under the mortgage, and, as I stated, consideration is being given to probably having a hold-back to provide materials to finish the house.

I am not familiar with the larger centres, I can see the question the hon. member raised, we do not want to construct slum housing, but I think most of the people who move into this type of housing will certainly use his own resources, or his own ingenuity, or the assistance of other means to finish his house once he is in it. Sometimes we are going to be amazed by what these people can do. It is the Newfoundland tradition to do this type of housing, I think practically all the houses, or seventy percent of the old type of houses in this city were built in this manner, and quite a few I am sure throughout the Province. This has been the tradition of Newfoundlanders, and I think that we can assume that they will just continue along these lines. Naturally we will do anything we can to assist and make any recommendations to C.H.M.C. to further the finishing of their homes.

MR. MURPHY: Mr. Chairman, on the same subject and it is very interesting I must say, housing as we have discussed today make us realize what a great

need that it fills to provide houses, but we have heard so much on housing in recent years. I have here the Throne Speech of 1968, wherein the Throne Speech says " my ministers have constantly sought ways and means to reduce the cost of housing and they are very pleased to have the announcement made on this occasion that two new factories are to be established at once for the construction of houses that are intended to sell at prices substantially lower than those prevailing throughout the Province today."

Now these were those prefab houses. We were going to have one at Stephenville employing 200 people to produce a minimum of 500 new houses each year. The one at Bay Roberts was to employ 75 men, and produce about 200 houses a year I believe. But anyhow, basically this was a great scheme at that time, and this is only two years ago. I do not know just what the situation is at Stephenville - how many of these two hundred people are working, or of the seventy-five at Bay Roberts and these, or how many have actually been manufactured.

Now, when we speak of shell housing, I presume it is where you get the experienced man perhaps to erect the frame of the house for you, the plumber installs his plumbing perhaps, and the electrician the electrical work. I presume this is done by people that are qualified and certified to do these things. I presume then that the person will take over the house, not occupancy, I cannot see them moving in with tarred paper on the outside to provide shelter or something like this. He will do what we call the actual sealing up of the house inside with wallboard and so on and so forth.

AN HON. MEMBER: It is completely finished on the outside.

MR. MURPHY: It is completely finished, clapboard and - oh I see, that is excellent, that is excellent. Of course, with the facilities in there, the electrical and the so on and so forth, he will then start to seal up the rooms with whatever type of material he wants to use on the inside - his wallboard and so on and so forth. I think that is excellent, but, earlier - and I have a copy of a statement that the Premier made when this was announced, it sort of led astray - where he move in and then he starts to add on a room here and a room there and this type of thing - you know - it is sort of building something that has not really got specifications.

MR. SMALLWOOD (J.R.): (Inaudible)

MR. MURPHY: Well this was the information that was left, I am just trying to get the Premier's statement on the thing. I think we can follow fairly well what the minister - and I think it would be an excellent idea, and I do not know what has been done - perhaps the issuing of a pamphlet or something just describing the process, perhaps it is in the National Housing sphere of Central Mortgage and Housing. I think it is an excellent idea, and while I am on this, what has happened - and perhaps this does not come under the authority of this, but what has happened to the co-operative housing scheme where I think much the same thing was followed - where a group of people with different talents got together and perhaps ten or twelve started building homes? There had to be twelve you know and so on and so forth. I think they produced houses some seven or eight thousand dollars less than the market price.

I can see this shell housing, and following the hon. minister's remarks about areas like Bay Roberts and so on and so forth, and when we go anywhere in this Province just about every home has been constructed by the people within the area and you would want a bulldozer to knock them down in most cases because, they are very substantially built. I am just wondering, in the Urban areas like St. John's and what not, when we speak of \$4,000. of course it is very unrealistic relating to a city area where perhaps your land today would cost you three, four, or five thousand dollars, but following on this grand idea that the minister has mentioned, where we have so many acres that are set aside in land-banks, I presume this will reduce very substantially the cost of a building lot and that this is the general purpose of the thing, for the building of home and for homeowner plans.

Also on housing, and I might bring this up now - I mentioned it in passing last night. Is it the intention, or is the corporation giving any idea or any thought to the operation of the homes. They operate apartments, now I do not know if this comes under this actual vote - it may, like the apartments at Churchill Square and at Pepperrell. I am thinking more of the homes in the area of Whiteway Street as I mentioned last night. Every year, not every year, perhaps that is an overstatement, but for some

years we have always had an increase of rents. They have gone from approximately eighty dollars, and the excuse given has been administration. I feel, and I may be wrong, that a lot of these people would like to purchase the homes on this rental basis. If the commission itself cannot operate at a profit why not sell them to these people, let them pay them off and they will own them eventually.

Some of them are at the stage now I imagine where fairly heavy maintenance cost and so on will be occurring as I think a lot of them are in the eighteen, twenty, twenty-two year bracket. But has the Corporation given any thought to allowing those people to eventually own their own homes?

Another question, and I do not want to put too many in the Minister's mind.

MR DAWE: In reply to that last question -

MR CROSBIE: Reply to my questions first.

MR DAWE: I will not remember them all, but in reply to the last question. We have made representations to the Federal Authorities, and they will not, at the present moment, go along with this idea.

MR CROSBIE: Which idea? Which idea is it that they will not go along with?

MR DAWE: Selling of the units on Whiteway Street.

MR MURPHY: Who will not? The Federal Government?

MR DAWE: Where do they come in on this, sure this was there before Central Housing and Mortgage?

MR CROSBIE: Oh no! They financed it.

MR DAWE: They owned seventy-five per cent of the money.

MR MURPHY: And they will not allow those people to purchase their homes? They would rather see our crowd operate it at a loss each year, where they have to keep raising the rents and raising the rents and raising the rents? It does not seem to be very practical to me.

MR DAWE: There is no loss. They are economic rentals.

MR MURPHY: Why the increase? There have been about five increases over the past, in rental. To pay operations costs? You would not call it a loss but they have to raise the rent so that it will not be a loss. Why not let these people

do it and see if they can operate it without having this.

MR DAWE: That is correct, Mr. Chairman. They say it is operating cost, maintenance and administration.

Now, Mr. Chairman, to get back to, he mentioned shell housing - before we talk on the shell housing, probably this would be of information to the committee as to exactly what we mean by a shell house. Here are the requirements laid down: First the foundation and back-fill

MR. DAWE: with tiled drains, the exterior of the building completed, and given two coats of paint; heating system installed; plumbing system with three piece bathroom, kitchen sink and provision for a laundry tub, electrical servicing, wallboard installed only on bathroom walls, and ceiling, behind kitchen cupboards and around the stair wells, flooring and underlay installed in bathroom only to permit setting up of the toilet, doors installed for entrance and back only, wood windows are permitted and prefab brick chimney acceptable, exterior walls and ceiling fully installed and covered with a vapor barrier. This is what could be called shell housing.

MR. CROSBIE: Have any been constructed yet, and occupied in Newfoundland?

MR. DAWE: Two have been constructed, in Fortune last year.

MR. CROSBIE: Did the occupants finish them or what has happened with them?

MR. DAWE: Yes they were finished, and finished very quickly by the occupants.

MR. CROSBIE: What was the cost of those?

MR. DAWE: \$7200 was the cost of one of the houses at the time. With regard to the question, I think, probably the hon. member will correct me, if I leave out any questions he mentions. Question Five - or part five of the statement, in addition to houses that have been purchased by the Department of Welfare, the Government have authorized Newfoundland and Labrador Housing to assume the purchase of houses for the needy.

Now, Mr. Chairman, this statement is correct. There is a departure from just welfare recipients, this is a trial basis, and we would hope to have more clarification and probably a Government statement could be issued later, But as I say, this is a trial for this type, not just for welfare recipients, and we would hope to assess just what this dual type of house would mean. It is very complicated, but we would hope to find out just by this departure what it would mean regarding houses.

MR. CROSBIE: If there are only thirty-three units, how are you going to decide the Department of Welfare recipients? You know the welfare person who gets a home like that is somebody, a man or a woman or a widow, who has not got a roof over their heads, you mean they are going to be out in the great outdoors if the Department of Welfare does not find them a place, so

MR. CROSBIE: it is cheaper in many cases to buy a place for them, than to rent one? But if you only have thirty-three or forty or fifty units for the needy, in a year, and some of those will have to go to welfare recipients, how is the Government going to decide who is needy and who is not? I mean when it comes to housing, in St. John's alone I would imagine there are 2000 or 3000 families at least, you know that need housing, how is the department going to decide who gets these homes?

MR. DAWE: Mr. Chairman, it is difficult to determine at this time, but we are going to ask Central Mortgage and Housing to assess this type of housing, and this type of purchase housing, and to evaluate what is being done and hope that we can entice them to assist us on this type of house program. As I say again, this is a beginning and we would hope to learn from it, and evaluate, as this program indicates, the thirty-three that are being presently negotiated. We would hope to determine some guidelines for the future of this type of housing.

With regard to \$444,000, this is mainly to construct houses that have been purchased and in all instances where possible tenders will be called for the erection of these houses.

With regard to the recommendations of the new rental scales, we can say that we have ^{been} negotiating with Federal authorities and at the present time there is no new agreement or acceptance of the new proposal by any of the provinces within the Atlantic Region.

However, we are confident that we would hope to have a new agreement signed within a month.

MR. CROSBIE: Mr. Chairman, are you accepting the proposed scale of the Government of Canada or do you have some objection to it?

MR. DAWE: We are still negotiating, but we have some reservations. On the whole I think it is a reduction for most of the home owners, probably. I can give an example, I am going to table a copy of this for the benefit of the committee, this is a suggested new rental scale - family income say, \$310 per month. The old monthly scale was \$72, rent income ratio 23.2

MR. DAWE: percent. The new rent scale will be \$66 (21.3 percent). I just will give this one example, but we have agreed in principle to this new scale. And another major feature with this, is that once the income the rent scale is set, is frozen for two years. And if a person's income should increase during that time, his rent will remain the same, but at the same time if he should have a reduction in his income, his rent will be reduced for that month.

MR. MURPHY: Is there a ceiling or not?

MR. DAWE: The maximum ceiling will be twenty-five percent of income.

MR. CROSBIE: Can a person move in who is making \$6,000 a year, that is the question. You know is there any ceiling, as to who can occupy subsidized rental?

MR. MURPHY: It used to be \$4800.

MR. DAWE: There is no ceiling to what you enter into a subsidized rental unit. But the maximum that can be deducted is twenty-five percent of income.

MR. CROSBIE: But for a person to be eligible to move into subsidized rental units, is it not the rule that you must be under a certain income to be allowed to move in, or has this been removed altogether?

MR. DAWE: It has been removed altogether.

MR. CROSBIE: I mean our Government have accepted in principle this new rental scale - there are some other changes or improvements the Government is trying to get I gather.

MR. DAWE: That is correct.

MR. CROSBIE: Now what about the overtime earnings part of it?

MR. DAWE: Overtime income is still taken into account for the person's income, but as I say, is protected by the two year freeze. Once a person moves into a house, and agrees - the rent for that time is frozen for two years, if there is any increase. If his income should increase over and above, after he moves in, it is frozen for two years. He is protected to that level, once he moves in and agrees on the rent, even if his income should increase he is frozen for two years.

MR. T. HICKEY: Mr. Chairman before we pass this item, I would like to say; the idea of shell housing, as I said earlier, is certainly welcome and I think we all agree that it is part of the answer at least to the acute

MR. HICKEY: housing shortage. I am wondering if the minister will tell us if he has any plans, or if the Government has any plans to purchase homes for welfare recipients under some kind of ownership plan? When we talk of shell housing, I think Sir, any of us who are familiar with any of the homes in St. John's, in which those people are living, we could certainly say that we have shell housing already. Quite a number of the homes that those unfortunate people have to live in can only be classed as a shell. The minister responsible of Social Services and Rehabilitation in his speech in the Address in Reply put his finger on this very item, inasmuch as what landlords are doing. And I do not think we can disagree with his comments to a great extent. But there are landlords in this city who are charging rents, unfair rents in terms of what those properties are like, and in terms of the condition of those properties.

And, Sir, this brings us to the very important aspect of it insofar as Government is involved. And Government is involved in terms of paying rent for welfare recipients. I think that while there is a problem with rentals in all of the city, with regards to people on welfare and those who are not, yet I think the Government should move in the direction of solving the problem that they are faced with first, inasmuch as we are paying rents, and in some cases high rents for properties which are not, certainly not worth near the amount that we are paying. And, I think, Sir, if the Government adopted a program whereby they embarked upon a purchasing plan or a purchasing program of some of those better homes, I am sure we could work out an arrangement whereby titles, ownership, could be given to those people or at least a life's interest given to them, and if and when - I think particularly now of widows, people who are incapacitated, I am not thinking necessarily of ablebodied families, however one would include this group as well. I know there are risks involved but I think there is a way to get around them. The Government could not only save money for themselves but they could improve to a great extent the conditions under which those unfortunate people are living. It would give them a sense of pride in the place where they reside, because they

MR. HICKEY: would know that it is their home, at least as long as they live. They would take much better care of them; and most importantly of all maybe, we would get at these landlords who are fleecing the public and in this particular instance who are fleecing the Government who obviously controls public money.

I think that it is very important that we give serious consideration to this matter. As I said earlier, no one can condemn the idea of shell housing, I think it is a wonderful idea, and I would hope sincerely that we get ahead with them.

One other point that I would like to make, it would appear that Central Mortgage and Housing are prepared to involved themselves in this kind of a program, and I hope that they do. But I certainly can say, Sir, that they have no money at the moment to assist a young couple who wishes to buy a house. They advise me that they have no funds, For example, a good house, a house three to five years old, and a couple who cannot get into a new home or indeed any kind of a home under existing mortgage rates, I am thinking of the conventional mortgage type of company, and whose only hope is to go through Central Mortgage and Housing for at least some kind of a break in terms of interest rate, they will not touch it. They have no funds. They tell me that all their funds are tied up in terms of subsidized rental units.

Now, Mr. Chairman, I certainly do not claim to be any expert on housing or on subsidized rental units or anything else. But, I have expressed this feeling before and I express it again, I feel very, very strong about this. I do not think that subsidized rental units are the answer or even the answer insofar as we think it is, I know we are not saying it is all the answer, it is the final answer to the housing shortage, but I do not think, Sir, it is even part of the answer, if you look at it from a long range point of view. I hope I am wrong when I say that the subsidized rental units will deteriorate as they have in the past. People are human. By their very nature they cannot have the same kind of interest in an apartment or a subsidized rental unit, which is owned by the Crown, or indeed owned

MR. HICKEY: by anyone else, where they are paying rent, let it be a lesser amount than they would in the regular market, but where they are paying an amount of money each month and getting little or nothing in terms of a long range plan in return. I think that under a homeownership plan, even if it were the type of buildings that we are now using for subsidized rental units, under a home ownership plan, Sir, I think that a great part of the housing problem would be solved. I do not think the housing authority people responsible would have nearly the trouble that they are now having in maintaining those units because obviously those people could look upon their part of that building or that house, whatever the case may be, as their own. Sometime or other they would own it, and their money would not be going down the drain.

I would hope that Government, and in particular the minister, would take this into account. This has been suggested time and time again in this House, and I see nothing wrong with at least buying it. We are trying shell housing. We are trying subsidized housing. We are trying many new things and I think it would certainly be a step in the right direction if we took a look at this kind of program and at least gave it a try.

MR. DAWE: Mr. Chairman, naturally we are very sympathetic with the people concerned, as expressed by the hon. member. But I wish to point out in some cases that subsidized rentals would be cheaper, monthly payments would be cheaper than actually to purchase this type of house. It would have to be very cheap, it would have to be brought at a very low price.

This naturally would be a matter for Government decision, on a matter of this nature, but we are to try making representations to the Federal Authorities from time to time, to try to get into some part of this housing scheme and that we would continue along these lines. I will certainly take

note of the remarks of the hon. member this morning and give it some thought and discussion with my officials and discuss it with government.

But he can realize the problem that is involved and the money that would be involved. It is a problem of all Canada, this type of housing project. 6812

And the problems associated with housing throughout Canada have been under

MR. DAWE: review for so many years, and each few years seem to come up with a new program and probably we may gradually work toward such a scheme as outlined by the hon. member.

MR. MURPHY: Mr. Chairman, I do not wish to delay the committee, but I made reference to some remarks that the Premier made, and I just want to set the record straight with my impressions of what the Premier said about shell housing, and this was on opening day, February 8th. and the Premier was referring to young couple getting married, so on and so forth, in settling down. Mentioning houses, He said; it was just as impossible to get a house to live in, as to buy a DC8 to fly, they are both impossible. And then he said; that is why this shell, when three of my colleagues in the Cabinet brought it up we built a few shell houses. Now what about doing it on a real scale, a couple or 300 houses this year, shell houses? What about trying it? What is a shell house? I never heard of it. They told me what a shell house was. I said, in God's name why did you wait until this year, why not five years ago, ten years ago?

A shell house is a house in Newfoundland, Mr. Speaker, in Newfoundland I suppose there have been tens of thousands of shell houses built, but not by any Government. I have known in the outports of Newfoundland, I have known untold hundreds of cases of a family man who built a shack, a tar paper shack, one room, two rooms, he goes to live in it. Next year he builds another room on to it, and the year after another, and another, in five, eight, or ten years he has a beautiful home. But he lived in it all the time he was building it, and not paying rent. That is a shell house. Is not that a shell house? Is that a proper name for that house? Somebody knows, is that a shell house? And I said, no. I think, it is; the Premier said. It is a shell house, it is a shell house, a very primitive one, very crude, but that is the way tens of thousands of Newfoundland families have got their homes.

Now that is why I brought up the fact where the Premier made that statement, that the shell house, just build a shack, a tar paper shack, but I do not believe that is the idea of a shell house.

MR. SMALLWOOD: Mr. Chairman, that is not what is meant by shell housing, of course not.

MR. MURPHY: No, but on opening day, I am just saying the Premier gets up and he makes this great statement where hundreds of these are going to be built, and he goes on. I say that the Premier is absolutely wrong in his interpretation of a shell house, as understood by the Housing Development.

MR. CROSBIE: A hundred per-cent wrong.

MR. MURPHY: Well, I just want to make the point - the Premier said, I was wrong. But I just wanted to prove it, and we have Hansard to prove it, so the point is made, and carried.

MR. SMALLWOOD: What is the hon. gentleman trying to prove, what is it?

MR. MURPHY: To prove that the statement of the Premier, when he was put into the great public of Newfoundland on television, this was the great shell housing program, which is not. It was absolutely the wrong interpretation of shell housing. That was the only reason I brought it forward, Mr. Chairman.

MR. SMALLWOOD: The hon. gentleman surely must be joking. He has to be joking. I say that historically in Newfoundland from the beginning of Newfoundland's colonization, from the beginning of people settling in Newfoundland, it has been a common-place. and it is now a common-place for men, who have not got the money with which to build a home, to go out and build a one room shack.

MR. MURPHY: That is right.

MR. SMALLWOOD: That is right and live in it. And then gradually build extensions to it, until finally after six or eight or ten years, they have got a house nicely built, and nicely finished. But they have lived in it during those years. Now that is a certain form of shell housing. But that is not what this program is that the Government of Canada are financing. They will not finance a tar paper shack.

I have myself seen tarred papered shacks, one room covered outside with tarred paper, black paper impregnated. with tar, tar paper, just paper nothing else nailed on, with shingle nails. Okay! I have seen that,

MR. SMALLWOOD: I have seen men live in it. I have been in them. And I have seen them gradually improve those houses, and after eight or ten years they have a very nice little house with a couple or three bedrooms and a kitchen and maybe a living room. That is commonplace in Newfoundland, it always was and it is now. And I would venture to say that it will continue to be for a good many years to come in places where either Central Mortgage will go, or will go in but on terms unacceptable to men who want to follow the old practice in Newfoundland. Now that is a form of shell housing. At any rate the idea of building a shell and going to live in it, and while you are living in it complete it, That idea is as old as the hills here in Newfoundland. But the only thing that has in common with this new idea of shell housing is that they are both unfinished houses. But there is one devil's own difference between a tarred papered shack and a house built to Central Mortgage standards, when it is a shell and the owner of the shell moves into it, it is at that point on the day he moves in, finished outside to Central Mortgage standards. It is no tar paper shack. But both of them have this in common, that they are shells, they are unfinished houses. Now make the most of it. Come on be sensible.

MR. MURPHY: Mr. Chairman, I am just trying to clear the air. We announced a great program of building shell houses. The Premier gets up, I have read the words, and he said, "is that not a shell house? Is that a proper name for that house?" Now we are talking about a type of shell house that we are planning to build in this Province. And the Premier said, "is that not the type of house, in other words, is not that a shell house?" And I said, "no." And the Premier said, "I think, it is." "It is a shell house, it is a shell house." So I am only clearing the record, that this announcement was made on the thing. And here are the Premier's own words, I am not fabricating any of this. And the Premier, at the time, when I said it was not the type, and I had an idea what type it was, the Premier said; "it is a shell house, It is a shell house."

MR. SMALLWOOD: And so it is.

MR. MURPHY: All right, it is a shell house.

MR. SMALLWOOD: A tar paper shack with one room, is a shell house. But one built to Central Mortgage standards, looks handsome outside but empty inside, is a shell house. They are both shell houses.

MR. MURPHY: I was only discussing, Mr. Chairman, -

MR. SMALLWOOD: What is the point?

MR. MURPHY: I was only discussing what is happening all the time to this distortion of programs that this Government

MR. SMALLWOOD: Distortion is coming now.

MR. MURPHY: The distortion is right here on page -

MR. SMALLWOOD: Page what?

MR. MURPHY: Tape number eight - and we might say it sometime when we get these shell houses and compare it to the Premier's ideas then.

MR. CROSBIE: Mr. Chairman, the remarks that the hon. the Leader of the Opposition refers to there is one statement in there that is certainly not correct. The statement that the Government has build shell houses, that is in the same Hansard. The answer to the question asked in this House after that; was that the Government had not constructed any shell houses. In fact the only two that have been done were done by CHMC down in Fortune. So that certainly was not correct.

But this shell housing is an excellent thing to try, Mr. Chairman, but let us not think it is going to produce any miracles. It is a shell, the purchaser has to finish it off, and CMHC or the Newfoundland and Labrador Housing Corporation are going to have to patrol it or inspect it, or do their best to see that the people who buy them are even competent to finish them themselves or that they are given some incentive to finish them off inside. Because the pictures have to be put in, or the wallpaper, or painting inside, there are any number of things that have to be done inside - partitions inside. There is a lot of work that still have to be done in those houses. So it is not just going to be all that simple or that easy, and it is going to depend upon the qualifications of the people who are going to buy them. But it is certainly worth trying.

Now in Marystown, Mr. Chairman, I asked a question about Marystown -

MR. CROSBIE: Now Question 192 asked by the member for Bonavista North, there are a hundred economic rental units at Marystown, constructed by the two Governments, and forty were unoccupied on February 1st. 1970. There are 160 subsidized rental housing units at Marystown. Forty-six of those were unoccupied on February 1st. 1970. So I would ask the minister to let us know whether this situation has improved since? Because over one-quarter of the subsidized rental units were unoccupied about two years after the project was finished, and almost half of the economic rental units were unoccupied on February 1st. 1970. So has that position changed since?

And I ask the minister what is the experience under the resettlement program with subsidized housing? Are the fishermen and others moving in accepting subsidized rental to this concept or are they moving their own houses in or what is happening in that respect?

MR. DAVE: Mr. Chairman, the first part of the question asked by the hon. member for St. John's West, the economic units occupied out of one hundred, we have fifty-two occupied at Marystown. And the subsidized units 128 are occupied, out of a 160.

With regard to people moving into resettlement. They move into this subsidized housing and accepting it most willingly, and many of them are using this type of housing just for the sufficient time to construct a home of their own. But in all instances people are accepting this type of housing in the resettlement areas, and as I say they are going along with it and using this means in some instances, to construct a house of their own, and in all cases it has been accepted by all people concerned.

MR. CROSBIE: Well in connection with economic development, now the minister has not said, but I assume that we should, that the Come-by-Chance project is going ahead, and the Melville Project is underway now at Stephenville and Happy Valley. This is certainly going to require, you know, massive developments in housing and municipal services in the Come-by-Chance/Clareville area, Happy Valley and Stephenville - so is the minister including in this program, you know developments at Clareville or is there going to

MR. CROSBIE: be a new town near Come-by-Chance. Just where are we in the Clarenville/Come-by-Chance area because all that work is going to have to be done by the Government. What is the position on Happy Valley and Stephenville? What is the program including for those three areas?

MR. DAWE: With regard to Come-by-Chance, Mr. Chairman, it is not quite decided what type of a development will take place at Come-by-Chance. It is not anticipated that a major house requirements will be made immediately. You know that many communities are in close proximity of the developments at Come-by-Chance - and it is our understanding that the personnel required in the construction will be relatively few, and no doubt accommodations could be found at Clarenville or some of the other centres. There will be some houses required for the construction at Stephenville. Naturally we could deal with it then, but we do not anticipate major house construction required in Come-by-Chance in the immediate future. Naturally we would have plenty of time to take any steps that would be necessary at some other time.

With regard to Stephenville - we have quite a number of houses there now within the Base itself. There is no housing shortages envisaged at present. And we are planning some house construction in Happy Valley area of Labrador under the DREE program and this will be going ahead in conjunction with the development there, As I say, we do not foresee any major requirements immediately in the development or the construction of these major projects, and that we would have sufficient time to anticipate any major requests of this nature.

MR. SMALLWOOD: Mr. Chairman, there is something that has never been said in this House, and it is not being said anywhere publicly, that may or may not be true, I am sure I do not know. I have a dark and dirty suspicion that it maybe true. What is being said privately in Canada today in certain circles is this; that if a valuable mine, a mineral despoit is discovered and it is made into a mine or if oil is discovered, and oil wells are put into operation, and some processing is done of the oil when it comes up out of the earth, or if some other natural resource development is launched and

MR. SMALLWOOD: whether it be a paper mill or a mine, or an oil well, or some other form of natural resource development, if it takes place at a point where infrastructure has to be provided - that is to say, streets, curbs, gutters, houses, schools, hospitals and other public services - it does not pay to have it. It is better for the nation not to have it. That economically it does not pay - the balance sheet - the dollar balance sheet - condensed.

MR. WELLS: That would not be true of Labrador City where the company -

MR. SMALLWOOD: Whether the company does it or the Government, it costs approximately the same. This is not my theory. I am only describing it. I am not expounding it - that the balance sheet of the nation of Canada, or the balance sheet of the Province of Ontario, or the Province of Newfoundland and Labrador, would show on a cash flow that it does not pay the economy of the Province or of the nation to have a natural resource development on a big scale, when it requires the expenditure of very large sums of money to provide for the infrastructure.

Now on first flush that sounds like the craziest thing that was ever heard. That sounds so far out, so improbable, so unrealistic, that you would think it was the frothing of a child. And if you pursue the question with those who expound it, you will say, well what do the people do? What do the twenty-one million population of Canada do? What do they do? How do they live? How do they go about living? And the answer is, they gather together in a small number, a very small - the number is sometimes as low as twenty. They gather themselves together, the twenty-one million people or twenty-five as it will be, thirty as it will be - gather themselves together in small numbers of communities, say twenty - in the whole geography of Canada - twenty. Montreal, eight million population. Toronto, ten million population. Eighteen million. Vancouver, five million population and so on and so on. Twenty centers of population, and the people in those twenty centers, not producing minerals, not producing wheat or potatoes -

or fish - not producing pulp and paper. And you say what will they produce? How will they live? Where does Canada get the dollars to live on? If you have twenty or twenty-five million people in Canada living in twenty cities, twenty at Metropolitan centers - how do they live? And the answer you are given is - the answer you are given is that they buy their food and they buy their needs from anywhere they are made, with dollars that they earn by producing highly sophisticated scientific things - the last word in scientific development in electronics, science and so on and so on. Now that sounds crazy. Probably because it is crazy. Probably. But when you stop to think of a new oil refinery and a new paper mill in Come-by-Chance - if you had to begin from scratch, from scratch - There is not a thing there. You go in and build a factory and you build another factory and you have to build houses - and streets and curbs and gutters - and schools and hospitals - and parks, and the rest of the infrastructure. In the end the economy is better off if you had not done it at all.

The Committee might be greatly surprised to know who, the names of some of the people who are stating this point of view. Not only stating it, but advocating it. The Committee might be vastly surprised. Certainly there is a vast shrinkage of population, shrinking together, up and down North America. It is not only Canada. It is in the United States even more - no about the same - the same ratio as in the United States. A tremendous shrinking coming together of the population into ever-larger centers, and the countryside is getting to be more and more deserted, the rural areas - the countryside is getting to be more deserted. And this is back of all of this talk we hear. Up in Ottawa now, you hear the demand that the Government is ignoring the urban needs of Canada - the city needs of Canada. A great new impetus being given right now to talk about urban needs - the needs of, the urban needs of Canada. The air is full of it. The air is full of it. And all the political parties are regrouping - they say that the centers of power are going to be in a few cities of Canada - that the City of Toronto for instance, the City of Toronto sends to the House of Commons - how many?

Twenty-five? The whole Province of Canada, the whole Province of Newfoundland sends seven M.P.'s. The City of Toronto sends twenty-five or thirty. One city. Let the City of Toronto get to be a place of six or eight or ten million people in the next ten, fifteen years, and they will send to Ottawa to the House of Commons, they will send fifty or sixty M.P.'s in one City. The same in Montreal - the same in Winnipeg, the same in Vancouver. And the center of gravity, the whole center of power, the center of political strength and power, will vest in a few spots. And you will have the peons, the peasants of Canada living in the background province. Every instinct in me rises up in rebellion against that concept. Every instinct in me. I am almost ready to go to war. I do not want to see Newfoundland washed down the drain. I do not want the national policy of this nation and the Parliament and Government of Canada to be a policy of looking upon Nova Scotia and Prince Edward Island and Newfoundland, and a big segment of Manitoba, and a large section of Saskatchewan and even of Alberta. and say one third of Ontario - all regarded as just trash, and that the real Canada is going to consist of the eighteen or twenty or twenty-five great centers of population.

If that is the destiny of Canada, if that is the destiny, it is pretty bleak and pretty unenticing, unattractive. And yet Mr. Chairman, if you watch carefully what is happening in Ottawa today, once you have this key that I have just described - have that key in mind and watch what is being said, and watch what is being done. And watch the demands of the political parties, and watch the propaganda that is coming out of the political parties today. When Mr. Stanfield gets up and denounces the Federal Government for the lack of attention to the great urban centers, This is because polls that have been taken and studies that have been made indicate to him, to his advisors, that this is where the line of thought of the Canadian people is tending and trembling. And when you find demands for a new department of government, the Department of Urban Affairs - the Department of City and Urban Affairs - every clue that you get once you have that one key, I think will indicate to you that this is the latest mod thinking. Now how long that will last

I do not know. It may just come and go. It may be just a flash in the pan, but I know that this is the thinking of some surprising people on all sides of politics in Canada today. And in that thinking, if it takes hold, if it gets the upper hand, the whole Province such^{as} Newfoundland becomes just a nuisance, just a nuisance that does not fit into that pattern. If that pattern is adopted then God help the part of Canada that does not suit it, that does not fit it. It is a misfit. What are you doing down there on that Island, you half million people? You should become a suburb of Toronto. What are you doing down there? It does not pay to do this and do that and do the other. It pays to move the whole population out and bring them in to the great megalopolis of Montreal, the great megalopolis of Toronto, or the great megalopolis of Winnipeg or some other great center of population, where people will be trained and re-trained and put to work in electronics plants and so on and so on. Never mind your cod, never mind your pulp and paper, we will earn more money at the other thing, and we will buy the pulp and paper, and we will buy the this and we will buy the that with the dollars we earn in sophisticated industrial activity. That is the thinking. That is the thinking, and if anyone thinks I am imagining this, his shirt is out a long way. This is the latest thinking among the moguls and the mandarins in Ottawa. This is the thinking. And you are going to hear more and more about it. It is the first time I think this maybe has been said publicly in any House across Canada. And I am saying it only to put members of this House on guard.

MR. BURGESS: Mr. Chairman, in reference to what the Premier has just said: On my last visit to Ottawa I heard this discussed by some very surprising people also - there were some Federal Cabinet Ministers actually, and with reference to the cost of developing resources - the cost of the infrastructure and everything else that they just do not see that it is a worthwhile project. But I respectfully submit that this cannot, that this theory cannot be a lasting theory because with the population explosion that we have in the world today, in twenty years from now, we are going to have

to develop and exploit every resource that is possibly known on earth, let alone one country. So I say that this theory, while I say it is just a theory now and that is what it will remain, because I do not think it could be this line of thinking could last very long, or survive very long. But I would like the - the Premier made a remark, he said this has never been said in this House before - just that statement itself - there is one thing that has been said in this Province. It has not been said in this House, but it was said in this Province - in Goose Bay in January of 1969, and it was a statement of the hon. the Premier and since we are dealing with housing, I would just like to ask the minister concerned, where are the 200 homes that were going to be built in Goose Bay in 1969? What about the building boom that we were going to have three months after this particular meeting that I am referring to in Goose Bay, where the people were in such a frame of mind after that meeting Mr. Chairman, that they felt it would not be possible to walk around Goose Bay without tripping over construction equipment. 200 homes, we were told, were going to be built in 1969, that year. No problem. A building boom - the likes that have never been seen before. I would like to know where these 200 homes went Mr. Chairman. Recently I have heard that there are fifty homes going to ^{be} constructed there, but if it is the same fifty homes - if it is any section of the 200, well I suppose we will be waiting until doomsday for them. We are supposed to have Mr. Chairman - we are told if this Lake Melville project goes ahead - we are supposed to have 7,000 workmen in there, new workmen that will have to be imported from the Island. We are supposed to have 7,000 people in there, and if that project is to go ahead as announced by this Government and the people involved, well then, the erection of homes has to start now. It would have to start now. Now I would like to know if in the various discussions this morning on subsidized rental housing - are there any plans on the part - could the minister inform me - are there any plans on the part of his department in government to establish subsidized rental units in the Goose Bay area? Are there any intentions on the part of government

to establish subsidized rental units in Labrador West, in Wabush and Labrador City areas? In relation to the shell housing, I dealt with this matter yesterday Mr. Chairman, when I spoke of the need, the great housing need of Labrador West, and I see that in a document issued from the department and by the minister, the section dealing with shell housing - shell housing being established in growth areas of the Province, in major growth areas of the Province, such as Stephenville, Come-by-Chance, Happy Valley, Corner Brook, Grand Falls, Winsor, Gander, St. John's, Port-aux-Basques, Burgeo, Harbour Breton, Grand Bank and so on. Are there any plans for shell housing in the Labrador City and Wabush area?

Now I would like - if there is any reasonable, logical answer as to why the 200 homes that we were promised in Goose Bay in 1969 - why they were not built - I would like to know. I would just like to know why those homes were not constructed as promised. Like so many other promises that we hear.

MR. SMALLWOOD: I think I am better able to answer that than the minister is, because I am more in touch with it than he is, with the Stephenville project. The Stephenville project is going ahead rapidly now. Sir Robert MacAlpine and Sons are going full blast. The first small ship load of stuff has arrived at Stephenville, and the mill is going ahead. And either it is going to be enlarged substantially beyond the original plans, or else a mill of another kind, also using wood, is to be built there beside that. So that there is no question whatsoever about the paper making enterprise at Stephenville. Now the significance of that for Labrador is the fact that Labrador is the source of the raw material, the pulp wood, to wit: Lake Melville. And in Lake Melville, Happy Valley is the capital and will be the capital for this purpose. And it is in and around Happy Valley that thousands of loggers will either live permanently or live for part of the year, one or the other, some doing one, and some doing the other. And the quantity of wood, the quantity of wood that will be cut in Lake Melville is equal to, in fact, is more than equal to the total cut of Bowater's great

mill in Newfoundland, together with the Price Mill at Grand Falls, This involves thousands of men here on this Island to supply those two mills with their pulp wood. Thousands of men! And no matter what is done in Labrador, in my opinion, no matter what is done there, more men will be needed to cut a given quantity of pulp wood than would be needed here on this Island, due to the general nature of things - the topography, the geography, the climates, the distance of Labrador from other parts of the Province, the absence of sufficient workers within Labrador itself. It will require a larger number of men per a hundred thousand cords of pulp wood than it would require on this Island to produce a hundred thousand cords. Cord for cord or a hundred thousand for a hundred thousand, it will take more workers in Labrador than here.

Now the problem that is developing and it is developing very positively, developing now, and a very worrisome problem, and a menacing one, is the fact that there is no rush to get these jobs. Perhaps that is not so surprising. May I say to you, Mr. Chairman, that here on this Island of Newfoundland there is no rush to get the jobs to produce the pulp wood for the mill in Corner Brook and the mill in Grand Falls. There was a time when there was. But that time is gone, and Bowaters especially have again and again been down many many hundreds of men at a time, that they wanted and did not get - did not get. They did not get them - they were down many hundreds of men. There is no particular rush on this Island to go at the job of cutting pulp wood, And now it turns out, perhaps a little more surprisingly, I do not know, maybe not. Maybe there is no reason for more surprise. that in Lake Melville there is no rush of men to go at the pulp wood industry. And this fact is now emerging. And one of the problems associated with this great papermill enterprise. is going to be the problem, is already the problem of an ample supply of workers to produce the tremendous quantities of wood that will be needed. Where are they going to come from? How many of them will come from within the present population of Labrador? How many of them will be

willing to move to Happy Valley and live there, stay there, make it their home? That will determine how many houses will be needed to be erected, of course. And having got from within the borders of Labrador, brought to Happy Valley, all the men that are likely to go to Happy Valley, how many will still have to be brought from the Island of Newfoundland? And if Bowaters are having trouble getting sufficient men, I do not whether Price are or not. I do not know. But I do know from Bowaters themselves that they have had trouble getting sufficient men. If there is trouble on the Island on the part of one or both of the two papermills to get sufficient men, how will the logging operation in Lake Melville get sufficient men from the Island of Newfoundland in case they need to get them? If Labrador does not produce enough men, and this is men in thousands - if Labrador does not produce enough men to give, to handle the supply of pulp wood, 800,000 cords a year, equal to the entire cut of Price and Bowaters, if they cannot get enough men for that purpose in Labrador, where are they going to get them? You say in Newfoundland, but in Newfoundland they do not always get as many men as they need to get, to supply the two mills that are here on this Island. Will you get men to leave Newfoundland and go to Happy Valley?

I say now this is suddenly emerging as a problem of terrible urgency, and of course basic importance to the future of Newfoundland. I heard a lot about it yesterday from Mr. Doyle and Mr. Brownrigg. They are deeply concerned about it. It is all right to get up here and make a cheap political speech, and one should not play cheap politics with industry and men's jobs, men's livelihood. I never played cheap politics. That is one thing I do not know how to do.

MR. BURGESS: Point of order! I asked a question about housing and the hon. Premier is now giving us a political statement -

MR. SMALLWOOD: What is the point of order?

MR. BURGESS: I asked a question on housing -

MR. SMALLWOOD: What is the point of order?

MR. BURGESS: The point of order is that the hon. the Premier is talking about

jobs and the difficulty - I asked a question about housing - it is not relevant.

MR. SMALLWOOD: That is not a point of order. There is no point of order there at all.

I say that when we talk about houses in Happy Valley, what we are talking about is men. If the men exist they will have to have housing. If they do not exist they will not need housing. The amount of houses that will be needed in Happy Valley will be determined by the number of men, and this is what I am talking about. This is precisely what I am talking about. The number of houses, because that depends upon the number of men and I am pointing out that this has suddenly become a problem of serious urgency - getting the men. No one is going to build houses - no government, no company, no one is going to build houses in any consequential number. nor go to any considerable expense in

June 10 1970 Tape 1202 Page 1.

Happy Valley for people unless the one doing it is pretty sure that there are going to be people who want those houses. We have had one lesson, we built houses in Marystown as has come out here earlier today. We built houses in Marystown. I do not know if the answer was forthcoming but a substantial proportion of those houses stand there today empty, beautiful homes - stand vacant today - Now that is in Marystown. That is in Marystown, beautiful homes and cost a lot of money to put there, lying empty. Now no one is going to build houses in Happy Valley until there is some pretty reasonably safe confidence that they are going to be needed, that men are going to move in there.

MR. BURGESS: When were they told?

MR. SMALLWOOD: They were told because it was assumed that the men would go there. It was assumed, it was taken for granted that men would wish to pour in and earn good money at that trade.

MR. BURGESS: There was no jobs then, it is sixty-nine I am talking about, this summer in sixty-nine, 200 homes, this summer sixty-nine.

MR. SMALLWOOD: Because it was assumed that this summer, last summer and this summer there would be need of them. It was a reasonable assumption it was a sensible and reasonable assumption. It was a very reasonable assumption. The mill is under construction now it is supposed to be ready by December, or January. December of next year, or January of the year after. That is a year and a-half from now. A year and a half from now the mill is supposed to be ready. The mill is supposed to be ready a year and a-half from now. A thousand ton mill, turning out more paper than the great mill in Grand Falls, a thousand tons a day. It is rated actually it will turn out more. It cannot make paper except with wood, where is the wood coming from? This is the problem I am talking about, not cheap politics. This is a very serious problem.

MR. BURGESS: In 1969, cheap politics we saw it then.

MR. SMALLWOOD: The cheap politics in 1969 or 1968 or whenever it was when a

June 10 1970 Tape 1202 page 2.

certain hon. gentleman came on his hands and knees to another person, that is when the cheap politics was, and then it turned out not to be very cheap, and it has never been cheap since. Cheap in one sense but not in another! Very expensive! Some of the notes that are being held around were presented. Very expensive but cheap in another sense! In fact there are some people who seem capable of being cheap and expensive at one and the same time, if you would take cheap in one field and expensive in another.

MR.BURGESS: That will all be brought out.

MR.WELLS: Now to stop this I would like to get back to housing again. The Premier, as he indicated, he was not expounding the theory, he was saying that it existed. He was pointing out something else too in the process of doing it. That unless natural resources are found available already near existing community facilities, normal community facilities, the theory is that it does not pay to develop. And then he went on to expound this or to explain this other theory which he said he himself did not personally adopt. That is an extreme, we have heard it, there are a variety of extremes. There is another group--I forget the name of, what do they call those the ones that suggest that we abandon everything - all laws, all systems, all structures, all communities and -

MR.CROSBIE: An anarchist -

MR.WELLS: No, not an anarchist, the nihilist, we abandon everything that we now have because we have been infrastructured to death, choked to death, the common man gets no benefit from all of this, all of what we are doing today forget it get rid of it and go back to the earth and start all over again, the nihilist. That is an extreme. The other one, the Premier just explained, and explained that he personally did not adopt, is another extreme. The truth lies somewhere in between. It is not true, in my opinion, to say that if natural resources are found anywhere removed or substantially removed from existing community facilities forget them, do not develop them. That is

June 10 1970 Tape 1202 page 3.

wrong. The truth is forget them unless the cost of development is going to far exceed the benefit and include in the cost of development the cost of providing community facilities. Then you forget them, until those resources develop an economic value building the facilities and developing. As an economic principle that has been with us for hundreds of years, It is only common sense, It is when ^{we} deviate from that principle that we get in trouble. And this is what the hon. member for St. John's West and myself have been saying for some time, This is what is getting us in trouble, deviation from that principle. As we deviated at Marystown, (the Premier referred to it) with the Marystown shipyard. When we get over to the fisheries vote we will see it again. The subsidies to cover the losses on the Marystown shipyard. That does not include the losses incurred here in the housing problem at Marystown, where fifty units I believe were built at a fantastic cost. Some of the four bedroom units, two of them cost \$67,000 each. That is right the answer to question ,I forget, it was asked earlier in the session, on the number of units built at Marystown, the cheapest one was \$17,000. There were twenty, three bedroom units, built at \$17,000 each. Then there a number of two, three, four bedroom units, and they vary, There are ten at \$40,000 and above,

MR. CROSBIE: Built for the shipyard.

MR. WELLS: Right. Built for the Marystown shipyard, in connection with that. So not only are we taking a loss on that and subsidizing that, look at what we are doing here too - the rentals - the highest rental is \$209 a month, for the two units I presume the two \$67, 700 units, That is not an economic rental for a \$67,000 structure, no where near it. The economics of it are crazy. So it does not pay to do these things, when the cost of doing everything that has to be done in connection with it, far exceeds the benefit. This is what we have been talking about all along. ERCO, another classic example. Even if you look at the cost of subsidizing electricity alone, that alone and it wipes the thing out \$3 million last year for about 300 jobs

June 10 1970 Tape 1202 page 4.

for Newfoundlanders that were not there before. There are more jobs than that at ERCO I understand. But for Newfoundlanders who did not have jobs and that is our concern here - we got about 300 jobs - \$10,000 a job per year - for twenty-five years. That is where it does not make sense, let it sit there. Let the waters of Bay D'Espoir flow out to the sea and forget about it, if that is what it is going to cost us to develop it. We just cannot afford it. It is as simple as that. So what he says is true. All we are saying is apply it. There is nothing new or revolutionary. What may be new or revolutionary is the idea that no matter what the resources are or how valuable they are you will let them sit there, forget about developing unless it is near an existing community. And I say that is wrong.

Labrador City - Wabush area have proven that to be wrong. Look at the economic benefits of Labrador City - Wabush area to this Province and to Canada as a whole and compare it with what it costs. Schefferville, all of it. Look at the benefit. Now can anybody say, because that was and that is as remote as we can get in this Province. That is just about as remote as we can possibly get. Would anybody say that we should have let that iron stay there and not develop it? Of course not.

The simple principle is and it is not new it is not revolutionary, the simple principle is, do a cost-benefit analysis. If the overall cost of promoting and developing the thing exceeds the ultimate economic benefit, when everything is considered, forget about it and let it stay there another five, ten, twenty or fifty years, until those raw materials or natural resources develop a value that makes it economically feasible or until techniques for development change or communications or whatever the economics of it change to make it feasible. That is all. That is not new or revolutionary. North America was built on that principle. The wealthy United States was built on that principle, and became a successful wealthy

6801

June 10 1970 Tape 1202 page 5.

country. The British Empire was built on that principle. Nothing new **not** revolutionary about it.

MR.SMALLWOOD: The British Empire was built on slave labour in the Colonial Empire.

MR.WELLS: That is right. The cost benefit analysis. The cost of developing it on the basis of hiring slaves did not cost anything or cost little or nothing to feed or not to feed them. And you take it out and it is worth a fortune. So it is worthwhile doing. It is a simple principle. All we do is apply and we - This is our argument that it has not been applied and it has not been considered. And classic examples of these are the Marystown shipyard and ERCO. Just look at the Marystown shipyard, it is question 446, is it? Just look at the answer. It has been tabled, in the House, it is incredible. And if we ever put together, if anybody ever sits down and figures out the total cost of developing the ERC facilities at Long Harbour an awful lot of us are going to shudder and shake with shame for a long time to come.

MR.BURGESS: Mr. Chairman, I am sorry the hon. minister - I still did not get an answer to that question about where these 200 homes went to, despite the long political lecture we got. But due to the minister's position Mr. Chairman, I would imagine that on Oct. 5, 1969 the minister was in attendance at a conference of the Community Planning Association of Canada, where you know I would assume that somebody from his department would have been there. And the conference was addressed by Mr. Andre Soulier the Asst. Deputy Minister of the Federal Department of Regional Economic Expansion. And at this meeting on Oct. 5, 1969 Mr. Chairman, this gentleman, the deputy-minister of this new department, DREE programme, he told the delegates that if anyone went to the people of Labrador and promised them munificent things that would transfer Labrador into a prosperous place, they would be perpetuating an illusion, and the price would be borne by the people there.

6832

The reason I am reading that, Mr. Chairman, is because of this Lake Melville project. Now how can you reconcile a statement of that nature from a deputy minister of a Federal Department, a man who must have intimate knowledge of the policies and intentions of the federal government and who through a great degree has a great amount of associations with the provincial authorities? Now how can you reconcile that statement with what we hear about that area? I just do not know. I just cannot get it straight and a lot of people just cannot see things clearly when you see contradictory statements and double talk from government. Now I am sorry the hon. minister was not in attendance at that meeting. I had assumed that he would be, due to his position. But, however, I am sorry that the hon. minister did not have the opportunity to answer my question on this but I did ask him other questions. Are there any plans or designs on the part of government to establish subsidized rental units in Goose Bay and Labrador City and Wabush, and shell housing in Wabush-Labrador City?

MR. DAWE: Mr. Chairman, in reply to the first part of the question, as you know, I was not the minister in October of last year but with regard to subsidized or shell housing at Labrador City or Wabush we have not received any requests from the council there for this type of housing. I indicated to the hon. member earlier in discussion of these estimates that I am planning to visit that part of Labrador when the House closes and that I will be meeting with the councils there and if they have any questions on housing, naturally I will be only too pleased to discuss it with them.

With regard to Happy Valley there have been discussions with the town council of Happy Valley and their first consideration is the possibility of some shell housing, in place of subsidized housing. These negotiations will continue. Naturally we are only too pleased to assist housing throughout the Province if it can be accepted and approved by Central Mortgage and Housing, with a view to our budget limitations. We will be visiting, as I say, Happy Valley when I go to Labrador and this will be discussed again and

June 10 1970 TApe 1202 page 7.

the position then will be reviewed at that time.

MR. CROSBIE: Before we leave this item Mr. Chairman, there is one last point: According to the answer to the question 446, there are two kinds of subsidized rental housing at Marystown. One is the Government of Canada - Government of Newfoundland the regular subsidized rental project that we all know about similar to Buckmasters Field etc. and the other is subsidized rental housing provided by the Government of Newfoundland for employees of Newfoundland Marine Works Limited down in Marystown. There were fifty units built at Marystown cost \$1, 310,000, And as the member for Humber East pointed out, these ranged in cost from \$17,728 to a high of \$67,000. And these units are rented, twenty-one of them are rented to employees of Newfoundland Marine Works Limited. The total rental that is being received a year is \$65,238. These rents fall short of meeting the loan repayment and operating expenses by \$21,000. The deposit last year \$21,818.49 and that deposit is met wholly by the Government of Newfoundland, not by, it has nothing to do with the Government of Canada, \$21,000 last year and it will increase as the year's go on and more repairs have to be done. rental
The lowest/being charged is \$117 a month for twenty units and the highest rental for the \$67,000 units is \$209 a month. So that is another kind of subsidized rental, but the subsidized rental for people who are earning good salaries. Two hundred and seven dollars a month for a house that cost \$67,000 and this is another one of the costs involved in economic development that is done in the way that the Marystown shipyard or Marystown fish plant was done. Done in a rush, done without sufficient planning ahead! Housing units had to be built to get executives and other top officials to go to Marystown to work at the shipyard and the fish plant.

The units had to be built in a rush, the prices were high because contractors were only given two months or something like that to build the units. That is what made them so expensive. Now the Newfoundland

June 10 1970 Tape 1202 page 8.

Government is now and will be for years presumably subsidizing the rental of executives living in these houses at Marystown. So, there is no point, the argument is not whether housing and so on should or should not be provided. The question is who should it be provided by and what is the reasonable cost for, and what the cost benefit analysis shows. Because at Marystown it is not only a subsidy for the shipyard, it is not only the public funds invested in the fish plant it is the public funds invested in these fifty houses. It is the public funds invested in the subsidized rental. It is the public funds invested in the economic rental. A lot of its units are empty now. These are all the kinds of costs involved and Economic Development development has gone ahead in such a frenzied way And without sufficient thought being given to it. So it is not a question of one great principle against another. It is a question of quality, it is a question of how you approach it, how it is done. And things have not been done properly in some instances in this Province anyway. And this is one of the examples. And that is another cost of this economic development at Marystown.

Now when all the costs are taken as compared to the benefits of employment and so on, perhaps they even out. But there was no study ever done before, beforehand, to show one way or the other whether this was so. I do not know that there has ever been one done since.

June 10th., 1970 Tape no 1203 Page 1

MR. MURPHY: Mr. Chairman, do you mind if I just ask one question on this remuneration rent board. Is it all right to revert to that, sir, for just a moment. I would like to ask, Mr. Chairman, this rent board, is this the rent control board as such? You get to many inquiries about rent control. Is this board active, and is it the idea of the department to set up a board that is accessible to people? I get dozens and dozens of calls. I would just like the minister to explain what the capacity of this board is to inspect and establish fair rentals and that sort of things like this - how active is it? How many inquiries are being handled?

MR. DAWE: Mr. Chairman, the board itself meets fairly frequently and it only comes to my attention when disputes in rents are brought to the attention of the board - any complaint that is made to me, as minister, is passed on to the board for valuation of the complaint. This is under the chairmanship of Mr. Riche, a lawyer, and we have Mr. Seymour is a member of the Board of Newfoundland and Labrador Housing and Mr. Clyde Bradbury, down in my department, is secretary of the Rent Control Board and they deal with complaints actually brought to them. I think, for the benefit of the member, they could be easily made accessible. Any complaints they would have, I would suggest that they would communicate with Mr. Bradbury of my department - Mr. Clyde Bradbury who is secretary of the Rent Control Board and any complaint, I assure you, will be brought to the attention of the proper authorities, down in my department - any complaint you refer to him and it will be his position to deal with it.

MR. MURPHY: In other words, it is not a full-time board. It is a board that will be called to hear appeals?

MR. DAWE: That is right. It is not a full-time board.

MR. CHAIRMAN: 03 carried. 04-03 carried. 04-04 carried. Shall 05-01 carry?

MR. MURPHY: 05-01 - is this the group that deals with the subsidized

Mr. Murphy.

apartments on Kennas Hill, Buckmasters so on and so forth?

MR. DAWE: What is the question again, Mr. Chairman?

MR. MURPHY: I am just wondering under - 05 Housing Authority - is this the St. John's Housing Authority that is located on Elizabeth Avenue under Mr. Hillier and Mr. Duffett and so on and so forth? Does that come into this?

MR. DAWE: Yes Newfoundland and Labrador Housing Corporation does this on behalf of ...

MR. SMALLWOOD: On behalf of the corporation.

MR. DAWE: On behalf of the corporation.

MR. MURPHY: I am just wondering if the minister could tell us the number of - what is the occupancy rate now? Are there any of these apartments vacant? Have any of the ground rules changed where they go up and assess points and this type of thing, I think.

MR. DAWE: There is no change - the same ground rules apply. There is no maximum salary to seek application..

MR. MURPHY: Just move in there.

MR. DAWE: Just move in.

MR. MURPHY: Okay.

MR. CROSBIE: Mr. Chairman, on this item I want to say one word on subsidized rental. I wish to urge the minister to conclude his negotiations with Ottawa as soon as possible to get the new subsidized rental scale into effect which will be lower. This business of a two year freeze - once your rental has been agreed on, is very good. I am sure it will be welcomed by the tenants in St. John's West, several thousand of them. And if the minister would keep urging that something be done about the overtime provision. It sounds like it is being improved anyway. It is frozen even with respect to overtime the minister says for two years, unless your income goes down and then the rent will go down.

Mr. Crosbie.

This will be a vast improvement so I hope the minister will conclude this all now, as soon as possible so that the tenants in Buckmasters Field, Anderson Avenue, Cashin Avenue, Hoyles Avenue will all get this new scale in time during the summer and in time for coming events. The minister can assure me that will be so, can he?

MR. DAWE: As I indicated to the committee we hope to have these final agreements completed within a month.

MR. CHAIRMAN: 05-01 carried. Shall 11-01 carry?

MR. CROSBIE: 11-01 is Blackhead Road - well yesterday, Mr. Chairman, there were a number of questions that I asked and I think that the Leader of the Opposition asked about the Blackhead Road. Is the minister going to give us some explanation now?

MR. DAWE: Could you rephrase these questions again?

MR. CROSBIE: Well some of the problems that are arising there: what kind of public housing is going to be developed on the Blackhead Road? Under the amendment to the Family Homes Expropriation Act, anyone living in a substandard house or a house unfit for human habitation is not compensated by receiving reasonably equivalent - the cost - he is compensated on the basis of the market value of his property, but he has to be offered public housing at reasonable rates so on in the same area. Now what kind of public housing is there going to be on the Blackhead Road? Are there going to be apartment units such as Buckmasters Field and Kennas Hill or would these be individual houses, individual units - will the people whose property is destroyed, who have to move into this housing, will they be given an opportunity to buy it over a period of years? Is that being considered? What is going to happen to the area when the project is completed, when construction ceases? Is it going to become a municipality of its own or is it going to be absorbed

Mr. Crosbie,

by the City of St. John's? If so what arrangements are being made with the City to take it over? What likely tax rates and water and sewer rates for the people up on The Brow once this project is completed? When is the project going to be finished? When will all the water and sewerage and roads be completed? These will do for a start.

MR. DAWE: Mr. Chairman, many of the questions asked by the hon. member a decision has been arrived at with regard to housing. I have had the opportunity to visit the area on two occasions and hold meetings with groups from the Blackhead and this question of housing is very controversail and we are hoping to provide some type of home ownership with assistance from the Canadian Assistance Plan. This would be possible on a fifty/fifty basis. Fifty Provincial and fifty per cent Federal. Discussions will be taking place, and they will be investigated by the hon. minister of Community and Social Development, but as I say the question of housing has not been clarified on the Blackhead. It is still under active consideration. We have the views of the people there concerned and naturally we are concerned with it and naturally as the weeks and months develop some decision will be taken so the people can advise what position the Government will take with regard to housing on the Blackhead.

With regard to some form of taxation and local government, this has not been decided but I feel that probably this will be decided by the people themselves, probably by some form of referendum or plebiscite I would think and they would indicate to Government, if they would wish to set up some form of local government on their own or to seek amalgamation within the City of St. John's or come under the control of the Metropolitan Board. I think that should be left with the people themselves and proper procedures should be taken to let them decide.

With regard to the completion of the scheme, we expect all - water

Mr. Dawe.

and sewerage, street lighting and the paving part of the project to be completed by the end of August or sometime in September of this year.

MR. CROSBIE: Mr. Chairman, this does not clarify it very much. The Blackhead Road Urban Renewal Scheme has been under implementation now for what? Two years. The scheme itself was developed, I do not know, four years ago, I guess and what was going to be done on the Blackhead Road - I mean the scheme was decided upon then. I cannot see how the minister can say that the additional housing cannot be clarified. I mean the construction is underway up there. The people are losing their properties - they are being dispossessed and are going to lose their homes. If this amendment applies to the Family Homes Expropriation Act, they will not be compensated under that Act. They will be compensated under the former rules. They will get the market value of their property whatever that is, whatever a willing purchaser would pay to a willing seller.

Now that can only be applied, as I see it, if there is definite public housing that can be offered to them at reasonable rates. That is what the legislation says. Surely, it must be known by now what kind of public housing is going to be put on The Brow. This scheme has been underway for several years. It must be known if it is going to be subsidized rental or whether it is going to be economic rental. It must be known whether it is going to be individual houses or whether it is going to be, you know, an apartment type project like Kennas Hill? These questions must be known. How could the scheme be proceeded with, if they were not known?

As to the kind of municipality, there must be some kind of municipality in that area once that is all finished, because the water and sewerage system and the rest of it is not going to operate without any cost and it cannot be planned that the cost be met wholly by Government

Mr. Crosbie.

forever. There must be a contribution from the local residents.

Now, Mr. Chairman, I think there is going to be a very serious situation on the Blackhead Road, if this housing question is not clarified now today or if it is not clarified in the next week or two weeks. I mean how can you operate up there, if the people cannot be told what provision is being made for housing up there, if they are dispossessed or have to be relocated or their home has to be torn down? I know that some of the complaints made up there may be unreasonable but after all, there are arguments on both sides. If somebody is going to lose his home no matter if it is substandard or no matter if it is unfit for human habitation, it is still something that he does not have to pay rent for, that he is not paying for, that he does not have to make mortgage payments for. Some of them may not want to move into subsidized rental housing. The only solution I could see would be to provide some kind of unit up there that a person could pay rent towards the ownership of the place, eventually - I mean in this kind of situation. Subsidized rental may be all right and acceptable to some but to others, there is going to have to be some kind of rental purchase scheme and I do not see why you have to have elaborate houses. You know these could even be shell houses which would cost from \$7,000, \$8,000 to \$10,000, which the people can buy over a period of years.

But unless some ^{thing} concrete like this is done, I am positive that there is going to be a great deal of trouble up in the Blackhead Road and I do not see - no! it is not carried. You see this is important to the people in the Blackhead Road. It is important in future urban renewal schemes and it is important generally, and there are millions of dollars in public funds involved. Therefore, it just should not be carried without

Mr. Crosbie.

being discussed. I mean something more than this must be done. If this is all that is being told to the people on the Blackhead Road, then it is easy to understand why there is so much trouble up there. Lack of information as to what is going to happen to them or what is happening to the project. Can the minister give us anymore information?

MR. DAWE: Mr. Chairman, on this point. People there are completely informed of what is taking place on the Blackhead. With regard to housing, I will repeat it. Where it has not been clarified, the type of housing that is required, it is difficult to give the people - to exceed to their request. There is not much of an interest in subsidized housing and they want rent ownership which the Federal Government will not provide and I say this will be a collective decision of the Government and we are prepared to meet with groups from time to time and this is the position. Naturally, I would hope to have a decision of Government as soon as possible.

MR. CROSBIE: I gather from what the minister says then that the people up on the Blackhead Road who are dispossessed, generally speaking, do not want to move into subsidized rental housing. They do not want to move into public housing. They want provided some kind of housing which they will eventually own.

MR. DAWE: That is what I informed..

MR. CROSBIE: I believe the minister said that they are going to see what can be done under the Canada Assistance Act or under Community and Social Development.

MR. DAWE: That is for upgrading.

MR. CROSBIE: But in the original plan for the Blackhead Road, it was intended that there be subsidized rental housing provided - is that not

Mr. Crosbie.

so?

MR. DAWE: That is correct.

MR. CROSBIE: Major units or apartment type units? Which kind of unit?

MR. DAWE: Well...

MR. CROSBIE: Mr. Chairman, I notice that the Premier has told the minister not to answer anymore questions.

MR. SMALLWOOD: I have done no such thing.

MR. CROSBIE: Well that is certainly the impression that one receives..

MR. SMALLWOOD: The hon. gentleman...

MR. CROSBIE: Well we can see when the hon. the Premier is whispering and after the Premier has finished whispering, the minister stops answering. So it should be taken note of for the public records. The Premier does not want any information given out on the Blackhead Road. Well the people on the Blackhead Road want to get this information and they want a decision from the Government.

MR. DAWE: Mr. Chairman, individual and semi-detached units were recommended in the subsidized units.

MR. CROSBIE: The position at the moment is that you are not going ahead with these, because the residents in the Blackhead Road do not want them - is that the position?

MR. DAWE: Mr. Chairman, we are not saying that we are not going ahead with it. We are just holding it until we come to some decision as to what the people want...

MR. SMALLWOOD: What the Government want - not only what the people want. We are talking now about millions and millions of dollars. We have to clear it with Ottawa.

MR. CROSBIE: I agree with that.

MR. SMALLWOOD: And that is why we have not yet decided..

MR. CROSBIE: Good.

Mr. Crosbie.

All we want to get in this committee, which we do not get, is some sensible discussion on what the position is. If this called for millions upon millions of dollars, why not discuss it in the committee so we will all understand it.

MR. SMALLWOOD: It is discussed where it should be discussed ..

MR. CROSBIE: It should be discussed in public. ..

MR. SMALLWOOD: In Ottawa.

MR. CROSBIE: where public funds are required and discussed in Ottawa too. There is no wonder there is trouble on the Blackhead Road and trouble here, there everywhere, when the members of this House cannot get any information at all on it - on a public scheme that there are \$6 million, \$7 million or \$8 million being spent on , as to what is going to happen up there with housing and the rest.

MR. WELLS: They are asking for \$2,250,000.

MR. CROSBIE: Exactly. Now we are asking about the housing position. Well if the problem is that this would cost millions, why cannot the committee be told? If the residents requests were met if so many houses would be needed and they would cost so much and it comes to \$2 million and it is just not sensible or reasonable for the Government to do it, we have not got the funds for it, if that kind of explanation came up, that would be satisfactory. But when no information comes up and the word goes down and the minister does not answer anything on the Blackhead Road, that is not satisfactory. It is not satisfactory to the people there.

Now it is 1p.m. Mr. Chairman.

On motion that the committee rise, report progress, Mr. Speaker returned to the Chair.

On motion report received and adopted.

On motion committee ordered to sit again presently.

MR. SPEAKER: I now call it 1 p.m. and I do leave the Chair until 3 pm.



PROVINCE OF NEWFOUNDLAND AND LABRADOR

HOUSE OF ASSEMBLY

Volume 1

Number 107

4th. Session

34th. General Assembly

VERBATIM REPORT

WEDNESDAY, JUNE 10, 1970

SPEAKER: THE HONOURABLE GEORGE W. CLARKE

The House resumed at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Item (11) is a resolution on the Order Paper in the name of the hon. member for St. John's West.

MR. CROSBIE: Mr. Speaker, this motion, I did not hear anybody say carried. If everybody would vote to carry the motion we could stop the debate now, Mr. Speaker.

Mr. Speaker, this motion has been on the Order Paper for some time and just to refresh the memories of everyone. We are going to get it off today. This is about Melville Pulp and Paper Limited and the recital is referred to the Act that was passed, Act No. 72 of 1966-67 which was amended in 1968 authorizing the Government to enter into agreements with Melville Pulp and Paper Limited and other companies for the purpose of establishing a pulp and paper mill in the Province; And that in November, 1969 the Government entered into certain agreements and gave certain guarantees totalling \$66,102,000.00; And it states whereas the Government has not presented to the House complete facts and information with respect to the project and any changes in connection therewith since the passage of Act No. 72 of the Statutes of Newfoundland, 1968. This is the hub of the matter, Mr. Speaker, that the Government has not given the House complete facts and information with respect to this project since 1968 really since 1967.

And whereas there have been considerable changes with respect to the said project since that time and we all know that there have, there has been change after change. When the original Act was passed through this House in 1967 the whole project was going to be financed in France, it was going to be carried out by French Companies, by the Ensa Company and Schneider Creusot Bank was going to finance it. All the documents, Mr. Speaker, presented to this House in connection with this project in 1967 have since gone by the Boards and in 1967 there was a great attempt made to give the House information on this project. There were construction contracts tabled, there were equipment contracts tabled, agreements with reference to shares were tabled, agreement after agreement, a pile of them about that high, there were red covers

MR. CROSBIE:

and yellow covers. All these agreements were tabled in the House, feasibility study was tabled and this is all back in 1967.

Since then, Mr. Speaker, the project has changed in many respects but there has not been a complete and full explanation of this project given to this House or the people of Newfoundland since 1967 or at the latest 1968 when an amendment was passed two years ago. There have been tremendous changes since. And whereas it is desirable that Members of this House and the public be fully informed of the position with reference to Melville Pulp and Paper Limited. I cannot see how any member could argue against that, that it is desirable for the public and the House to be fully informed of the project.

Then the resolution says, "Be it resolved that Mr. Speaker do appoint a Select Committee of the House to inquire into and report back to the House with respect to the status of the said Melville Project and progress to date including, though not to affect the generality of the foregoing, to report on the amount of money guaranteed by the Government, feasibility studies done in connection with the project, the effect of changes in the method of transporting wood from Labrador to Stephenville for the use of the Pulp Mill at Stephenville, on arrangements made for marketing of the production of the Mill and on the security taken by the Government in connection with Government guarantees, such Select Committee to have all necessary powers to carry out its duties properly and to have permission to sit during the sitting hours of this House and to report back to this House during the present Session.

Now if the resolution by some miracle, Mr. Speaker, did happen to be passed and the Government did agree it would have to be amended now because a Select Committee would not have time to go into all these matters and to report back to the House during the present sitting because presumably the present sitting will end next week, by the end of next week, all going well.

AN HON. MEMBER: Is that a promise?

MR. CROSBIE: It is certainly a promise on this side and I only wish it would end retroactively but while there is business to be done the business has to be done. I want now to discuss some of the information that needs to be given.

Mr. Speaker, this is supposed to be a \$120. million project. Now

MR. CROSBIE:

we have not heard any figures at all in the last year or two as to just what the full cost of this project is now going to be. \$120. million used to be the figure used. Anyone who looks at the agreements that have been tabled in this House and they are very skimpy, the Government is in violation of the Act by the way, I will come to that in a minute, in my view, the Act that was passed by the House. Yes, the agreement that has been filed in this House, that was filed here, Mr. Speaker, several weeks after the House started when I brought it to the attention of the House that the agreement was not being complied with, that agreement shows that in effect the people of Newfoundland are guarantying the whole of this project.

Now let us not fool ourselves, it is not a guarantee of \$53. million, it is not a guarantee of \$58. million, it is not a guarantee of \$66. million, it is a guarantee of the complete deal, \$120. million, or whatever the deal is. Anyone who examines the agreement that was tabled in this House seven or eight weeks ago will see that.

Mr. Speaker, under Section (4) of the agreement, Act No. 44 of 1966-67, every agreement, trust, deed, trust indenture, guarantee, contract, undertaking or any other agreements of every nature whatsoever, entered into, executed and delivered pursuant to this Act, shall be laid, by the Minister, before the Legislature within fifteen days after it has been so entered into, executed and delivered, if the Legislature is then in session and, if not, then within fifteen days after the commencement of the next ensuing session. What has been tabled in the House, Mr. Speaker? There have been one or two agreements tabled with vast gaps in them. The main agreement tabled, the one entered into in London on November 21st, 1969 between the Premier, Melville Pulp & Paper, NALCO, Javelin, Melville Forest Products, that has been tabled but there are all sorts of appendices of other agreements supposed to be attached to it, which are not, There are, I would say, at least another fifteen or twenty agreements entered into under the terms of the Legislation and the Government is in direct violation of the Statute passed by this House in not tabling in this House all of those agreements. Now I will come to what they are in a few minutes. But why not, Mr. Speaker? Just get it quite clear at

MR. CROSBIE:

the start of the debate on this resolution that I am not against this project, I think it should be a good project, it is based on the natural resources of this Province. It is different in every way from the Come By Chance Oil Refinery Project. It is based on our own natural resources and as far as I know it is feasible, I have not seen evidence to the contrary.

This debate today has nothing to do with the promoters of the project or the companies involved. They are not responsible to this House. They do not have to give us in this House or the people of Newfoundland any information but it is the responsibility of the Government of the Province which answers to this House and the people that we represent to give full information on the project when the Province's credit is involved to the tune of \$120. million. Now even if that is said to be exaggeration. All right. the Province's credit is involved to the tune of \$58. million only but \$58. million is a tremendous amount for a Province this size.

What are some of the questions that are left up in the air? Number one, we do not know now what the total cost of the project is, we have no idea. This is all changed since 1967-68 but we have never been told it, the details. We know that the Government has guaranteed, according to documents filed in the House, the Government has guaranteed specifically \$66. million and it has been explained that part of this is duplication. Although it would appear that the letter from Mr. Doyle was filed and although it would appear that the total guarantee was some \$76,460,000. the German loan of \$17,600,000. is in there twice. In other words the German loan which is guaranteed is going to repay other loans that are guaranteed. So you subtract that and the total amount guaranteed is \$58. million, that is the total amount in cash. But under the documents tabled in this House, the letters that have been tabled, you will notice, Mr. Speaker, that all of the companies involved in this, Walmsleys (-Bury) Limited are guaranteed by the Government that if Melville Pulp & Paper fails to pay them any money the Government will pay it. The Finnish Company of Rauma-Repola of Helsinki have a guarantee from the Government of Newfoundland, now Walmsley is to supply the equipment for the pulp mill, Rauma-Repola is to supply the equipment for the chipping mill and they have a guarantee

MR. CROSBIE:

from the Government of Newfoundland. Not only that but in the letter given them on November 21st, 1969 the Newfoundland Government states, " We hereby guarantee that the 1,000 ton per day linerboard mill project and related facilities at Stephenville, Newfoundland, will be completed." That is a guarantee to this Finnish Company that the project will be completed. So we are not just guaranteeing \$58. million in dollars we have guaranteed a Finnish Company, we have guaranteed English companies that the project will be completed. So if Mr. Doyle or Melville were unable to complete it we would have to.

I do not think there is any question that with all of these guarantees it is of the first importance to the people of this Province that they know exactly what is being done, how it is being financed and what the project is all about. We are really guaranteeing the whole project. Another point that should be clarified, Mr. Speaker, is what is the actual cost of borrowing the money involved? There was a loan of \$17,600,000. arranged by the Government in Europe last year, I believe in Germany, for the use of this project. I think the Government borrowed the money itself, I believe, \$17,600,000. The interest rates on that loan are between eight and one-quarter per-cent and nine and one-half per cent. The financing that Melville has arranged over in the United Kingdom with Lazard Brothers and the other banks over there is said to be at an interest rate of five and one-half per cent so it sounds very cheap.

We are probably not going to get any answers so it does not matter we will ask the question anyway. What other charges are involved in this financing, Mr. Speaker? I will say that Lazard Brothers will receive in addition to the five per cent interest a commitment commission of one per cent on the total amount of the loan, that they will likely be paid a negotiation commission of one-quarter of one per cent of the loan and a management commission of one-eighth per cent per annum on the loan calculated on the maximum amount outstanding under the loan agreement.

The true cost of loans arranged in England is not just five and one half per cent. When these other charges are taken into account, Mr. Speaker,

MR. CROSBIE:

the cost of that loan will go up to six or seven per cent, I would say. It is a much greater cost than has been stated by the Government. Mr. Speaker, one of the things that is so objectionable about the way the Government proceeds is this; if we look at what statements were made last November when this linerboard agreement was signed in England, I am looking now at the Evening Telegram of November 24th, 1969. "Premier Smallwood on behalf of the Newfoundland Government guaranteed two loans totalling \$41.1 million in London on Friday, \$41.1 million we were told." This is the information given out by the Government. But when the contract was filed in this House, was tabled in this House, Mr. Speaker, it turns out that what was guaranteed was a net of \$58. million and a gross of \$76. million and some odd but after deducting the German loan, if that is the proper thing to do, it was \$58. million. Why was the public told last November that agreements were signed to guarantee \$41.1 million when in actual fact it was \$58. million to \$76. million that was guaranteed? This is the kind of false information that is given to the public and it takes weeks and weeks of digging to get the information out of the Government. We had to be forced to table the agreement here. Why was the true story not given when the agreements were signed or did the \$41. million increase to \$58. million without anybody knowing it?

Here is another report January 29th, 1970. "Signing of the agreements for the linerboard mill took place in London when the Newfoundland Government guaranteed loans totalling \$41. million. The loans were provided by nine British banks at an interest rate of five and one-half per cent." Incidentally this must be a misprint, according to Mr. Wiesmer approximately 700,000 tons of wood fibre is scheduled to be shipped to Western Europe by Javelin Forest Products Limited this year. 700,000 tons, there will not be a scrap of wood left in Labrador if that is correct. So what have we gotten on this information, Mr. Speaker. Practically anything that gets to the public prints from the Government turns out to be wrong when, after weeks of pushing the matter in this House, we get some information.

Now I feel that it is absolutely futile to be speaking this afternoon, we should all be in the country. I know that this is falling on deaf

MR. CROSBIE:

ears. I know we will not get the answer to a single question I am asking.

MR. SMALLWOOD: A fanatic does not care whether it is deaf ears or any ears, he is just a fanatic.

MR. CROSBIE: I am a fanatic.

MR. SMALLWOOD: No, no, a gentleman of kindly and relaxed toleration.

MR. CROSBIE: To coexist in this Chamber with the hon. the Premier takes a kindly disposition and a person who is absolutely in control of himself at all times, as I am. And when we talk about fanatics, Mr. Speaker, we know where the whirling dervishes are in this Chamber, whirling dervishes, whirling, spinning off different stories everyday so that everybody is always thoroughly confused.

The hon. the Minister of Health arises like Sleeping Beauty from his long slumber, from his long attitude of good neighbourliness, wakes up and becomes his old nasty self.

MR. ROBERTS: The Sleeping Beauty who woke me turned out to be an ugly frog. On with the resolution, on with the resolution.

MR. SMALLWOOD: (Inaudible).

MR. ROBERTS: On with the resolution, if we must have, let us have it.

MR. CROSBIE: I know this is quite a laughing matter, Mr. Speaker. It is \$120. million. \$120. million the Government has guaranteed but let us all have a laugh, ha! ha! Ho! Ho! Ho! Now let us get back to the question. I know, Mr. Speaker, not one question will be answered. We are going to hear a tear jerker most likely after this is over. The tears will be streaming down, that anybody deemed or dared to ask a question about the project. But perhaps a little something will seep out at an unguarded moment. So what are the financial charges? We do not know that. We do not know what the whole thing is going to cost. We do not know what the parts are going to cost. We do not know what the total is going to cost. The Government does not even know what it has guaranteed. It tells everyone \$41. million and it turns out to be \$76. million then it is down to \$58. million and in reality it is the whole project which has been guaranteed.

Now, next question and we know they are falling on fertile ears.

MR. CROSBIE:

next major question. Is it or is it not a fact that the Government has agreed to give the Melville Pulp & Paper Mill electric power at a rate of two-and-one-half mills per kilowatt hour? In other words has the Government or has not the Government agreed to subsidize the cost of power to the Melville project? Two-and-one-half mills would be less than one-half of what the power will cost the Government and the people of Newfoundland. Has the Premier or the Government agreed to sell the power to Melville at two-and-one-half mills and if so what is the amount of electricity that the mill will use in a year and therefore what is the amount of the subsidy per year? Is the subsidy going to amount to \$500,000. a year or \$1. million a year, what will it amount to?

Now we know this is a touchy subject, that the subsidization of power is charged with emotion or it is certainly charged with something. It is not charged with any common sense. Has the Government agreed to deliver power to the Melville project at two-and-one-half mills or any price less than cost? If so how much will they use a year and what is it going to cost the people of Newfoundland? Now that is elementary, Mr. Speaker. I do not think there is anything sinister about asking the question. I notice that notes are being taken of all the questions so that the answers can be given. I have a spare copy, by the way, of the questions which I could send over.

Another major question and this is very simply answered. Have lawyers for the Government verified that Canadian Javelin Limited can assign absolutely unencumbered and free from any claims an amount to be received by them over a period of years of not less than \$26. million under the Canadian Javelin-Wabush Iron contract? Now, Mr. Speaker, one of the points that made this project more acceptable than some others the Government has gotten into is that Mr. Doyle or Canadian Javelin or the Melville, I do not know what is best to call them, are giving some security for the Government's guarantee. They are spending their own money, putting more of their own money in than other promoters and they are giving certain security. One of the principal features of that security was that Canadian Javelin has a contract with the Wabush Iron Mines group under which Wabush Mines pay Canadian Javelin each year a certain royalty on the iron ore mined up at Wabush Mines and under

MR. CROSBIE:

that agreement there is supposed to be \$26. million due Canadian Javelin Limited over a certain period of years. This is to be assigned to the Government of Newfoundland as security for our guarantee so that if anything happened to the project, if it defaulted, the Newfoundland Government would be receiving this money from then on. That is a very, very important and essential point. So the question is, has this assignment been entered into and if so have our lawyers advised us that the account can be assigned unencumbered and free so that nobody else, no other debtors of Canadian Javelin can get at it? Has the Government received legal opinion to that effect? If there has been an assignment of that contract by Canadian Javelin to the Government or Montreal Trust, the Trustee, why is a copy of the assignment not filed? There is an agreement filed between the Montreal Trust but this assignment of that account which is so essentially a feature of this whole deal has not been filed in this House as is required by the law. That is the fourth important question.

Mr. Speaker, with reference to the agreement that is tabled in this House dated November 21st, 1969 between the Government and Melville and Javelin and NALCO, that agreement, as you go through it, refer to agreements that are attached to it as schedules but these agreements have been taken out. The copy file in this House has all the schedules removed from it, all the schedules have been removed from it. The construction contract between NALCO and McAlpines, that is not filed in the House and that is supposed to be a schedule. The equipment purchase agreement between Walmsleys and Melville, that is supposed to be attached to the agreement but that is not filed in the House. The feasibility report of the engineer, that has been removed from the schedule and that is not filed in the House. The agreements where Javelin and Melville and Melville Forest Products acquire timber harvesting machinery, that is not filed. The agreements covering the marketing of the production of the mill, that is not filed. The trustee to be entered into between Melville, NALCO, Forest Products and the Government, that is not filed. The working capital agreement where Canadian Javelin Limited undertakes to provide Melville and NALCO with working capital in the amount of not less than \$11. million, that is still not filed in the House.

MR. CROSBIE:

Now why not? I do not know, Mr. Speaker. The agreement calls for these things to be filed so why are they not filed? A very important matter is this, that is has never been explained to the House. Now this is all, by the way, the responsibility of the Government. Under the agreement Melville is supposed to enter into a binding contract which has to be approved by the Government of Newfoundland for the marketing of the major part of the production of the mill at Stephenville. But we have not heard, Mr. Speaker, one scrap of information on the marketing arrangements. Where is Melville going to sell the production of the mill? Does Melville have take or pay contracts? Do they have take or pay contracts for the production of the mill and is it at a reasonable price? Because, I mean, that is what the viability of the whole project depends on. One of the main elements is marketing, but the Government has not told this House, has not given us a shred of information on the marketing arrangements and there is no marketing contract filed.

Now all of this may be done, it may all be -

MR. CROSBIE: somewhere, all of this may be somewhere, the Government may have it all, but why does the Government not tell the House? Why is this resolution even necessary?

Information on marketing - the prices are suppose to be up the last several years. What are the marketing arrangements? Another major area that needs to be expanded on or explained, Mr. Speaker, is this, that Melville has to make arrangements which satisfy the Government to construct ships of a sufficient tonnage to adequately provide for the transportation of the wood required from Labrador to the mill at Stephenville. On this we have no information at all. Now in the original Melville proposal cheap transportation of wood was said to be the main feature of the feasibility of this whole project. And at that time there were going to be two 65,000 ton ships, and they were going to carry wood chips from Happy Valley down to Stephenville, and this was said to be the cheapest way to transport the wood, it would be a very cheap way to do it. But it required extensive dredging and so on - work to do be done at Happy Valley, at Goose and down at Stephenville. And in December 1968 it was announced that the whole thing had changed, and that these two great ships were not going to be used, instead of that logs were going to be transported from Happy Valley down to the mill at Stephenville in 10,000 ton ships. Well fine, Mr. Speaker, perhaps this is a better way. But there is no information given in this House on it. Has the Government had any feasibility study done, which shows that it is more feasible and cheaper to take wood from Goose down to Stephenville in the form of logs rather than in the form of log chips? And, if so, who did the study? And if the Government can give the information, how much cheaper is it? Or is it more expensive? What is the economics of it?

In January 1969 it was said that the Chip Mill was no longer going to be at Happy Valley, it was going to be at Stephenville. And that the whole method of transportation had been changed. Well, one expects, Mr. Speaker, the Government to explain the whole thing to the House and to the people of Newfoundland, but this has not been explained.

MR. CROSBIE: Who is going to own the ship, or is the company going to charter the ships? Or is Javelin going to construct the ships? Javelin was going to construct two 65,000 ton vessels or a subsidiary of Javelin was going to do it, or Melville? Now has Javelin got under construction a number of 10,000 ton ships to carry these logs or how is it going to be arranged? Is there any reason why the House cannot be told that, Mr. Speaker?

Another question, what persons have been appointed by the Government to serve as Government directors on the various companies involved? The Government has the right under the legislation to appoint, I think it is two directors on all of these companies. Has the Government appointed any directors yet to represent the Government? And, if so, who are they, and to what boards have they been appointed? Is not that elementary information? It is in the agreement that the Government can do it.

What persons have been appointed, (this is even more important, Mr. Speaker) what persons have been appointed by the Government to supervise on behalf of the Government this whole operation while construction is underway? Who has the Government got representing the Government, as construction proceeds, to see that the costs are in line with the estimates, to see that it is being constructed properly? What accountants are checking on the money being paid out, the cash loans and so on? I mean this is in reality a joint venture. With our guarantee we are in it just as much as Mr. Doyle is. Now who has the Government appointed to do all of this? This is not something that can be done just one day a week by somebody flying to Stephenville. This requires several very capable people who spend their whole time, their whole time, just acting on behalf of the Government, watching what is happening and checking the cost - is it in line or is it going to run \$10 million over and so on? All the questions that have to be watched. Has the Government appointed anyone?

We heard the Premier say a while ago, that he tried to get Mr. Gerald Penny, I think it was, to look after this and perhaps the oil refinery project for the Government, but he was not able to get him. But who have the Government got? The project is under construction now.

MR. CROSBIE: This is the time to have somebody acting for the Government, several people. An engineer, a chartered accountant or that kind of a person, at least two people like that should be acting for the Government. But we are told, we are not to care, I suppose, about, \$120 million project. Certainly the Government does not want to inform us or the people of Newfoundland about it. Of course, Mr. Speaker, we are all curdled up with hate over here. I suppose that is why we are asking all these questions, we are over here curdled up with hate for someone on the other side, that is why we are asking all these questions. That is what we will be told in a few minutes time, if it holds true to the pattern. We hate the old, over on this side of the House.

Mr. Speaker, for this Mill to operate, at Stephenville, there has to be a water supply system constructed to supply water for the mill. And I do not know how much money is involved in that, perhaps \$200 million or \$300 million. I think they have got to use Harry's River or some river there at Stephenville. But this mill require tens of thousands of gallons of water a day.

Who is constructing the necessary water supply system at Stephenville? Is it the Government of Canada? Is it an agency of the Government of Newfoundland? Who is supplying the money for it? Has construct commenced yet or when is it going to commence? And how is the whole water system to be paid for, are water charges paid by the mill or how?

MR. WELLS: Are the salmon going to be protected?

MR. CROSBIE: What is going to happen - yes, to the salmon? If it is Harry's River that has to be dammed or interferred with, what is going to happen to the salmon in Harry's River?

It may be that the ADB or DREE or some Federal agency is providing the money. But, I mean surely, Mr. Speaker, we are entitled to hear about it. That is just a little old water supply system. If it is not put there the mill cannot operate, but I suppose it is shocking to ask. Is there going to be a water supply system, and who is paying for it?

MR. CROSBIE: Another important item, I do not know, perhaps nobody cares, Mr. Speaker, I do not know. Perhaps it is foolish even to ask the question. Now there is Canadian Javelin Limited, in this House in 1967, the Government entered into an agreement with Canadian Javelin where the Government of Newfoundland and Mr. Doyle, through a special three man committee, have voting control of Canadian Javelin. There are a number of redeemable, preference voting shares issued to the Government of Newfoundland, as security for our guarantee in connection with the Melville Project. There is a three man committee appointed to vote those shares. The Chairman was Mr. Dennis Groom, our representative was Mr. Fred Russell, who has since resigned, and Mr. Doyle's representative, (I am not sure who he was) but he has a representative on the committee.

Now Dennis Groom resigned as Chairman at least three months ago, Mr. Speaker, so this committee which has the voting control of Canadian Javelin Limited no longer has a Chairman. Now if this is suppose to be security to the Government of Newfoundland for the security for this loan, when will the new Chairman be agreed upon? Have the Government agreed with Mr. Doyle on a new Chairman of that committee? After all this is a committee that controls the voting shares of a large corporation, Canadian Javelin Limited. It is registered on stock markets, I do not know, in several places. So one would think that the Chairman of that committee having resigned, there would be instantaneous action to get another man appointed, unless our representative and Mr. Doyle's representative always agree on everything to do with Canadian Javelin. Then perhaps you do not need a Chairman with a casting vote. What is the position on this voting, on this committee, a three man committee? Who is the Chairman or is there one going to be appointed?

What is the position, Mr. Speaker, with reference to the lease of land at Stephenville for the mill? Is that situation and the lease of land at Goose Bay is that all cleared up? Is the land now leased to Melville or Canadian Javelin? Has the Government of Canada being satisfied? Have they

MR. CROSBIE: provided their share of the land involved? That has never been explained to the House. Have all these leases of land been fixed up?

What is the position, Mr. Speaker, with reference to the fish plant of International Fisheries and Fish Meal Company at Stephenville? As I understand it, that fish plant cannot be left in its present location, once the pulp and paper mill starts to operate. Because the smell of fish from the plant will impregnate the linerboard and spoil the linerboard. So that plant has to be moved. When is the plant going to be moved? Does it still have to be moved? And who is going to pay for that?

Since the International Fish Meal Plant has always been completely financed by the Government of Newfoundland, this is a question of public interest, is the Government going to have to dismantle it again at its own expense, and put it up somewhere else, or what will be done with it?

Mr. Speaker, under the agreement entered into by the Government and Javelin and so on filed in this House - payments to Melville forest products from the proceeds of the loans that we have guaranteed can only be made upon the certificate of two persons duly authorized by Melville and approved by the Government. Now who are these two persons? Under the agreement there are two persons who must, before any money from a guaranteed loan can be advanced to Javelin, Melville or NALCO, two people must give a certificate, that it is being properly advanced, and those people have to be authorized by Melville, and they have to be approved by the Government of Newfoundland. Now who are these two people? Because they have to be held accountable, if anything goes wrong, any monies improperly expended, any trouble arises, where they have authorized payments out that should have not been authorized. They will have to be held responsible by the people of Newfoundland. Who are these two people that the Government have approved? Or has the Government approved anyone yet? What is being done in connection with the administration on this agreement?

You see, Mr. Speaker, it is of no use to have an agreement, the best legal agreement in the world is of no use, none, zero use, useless, nil use, if it is not enforced. If there are not people to see that it is enforced. If there not are people to see if it is carried out. It is absolutely

MR. CROSBIE: useless. It does not matter how well the lawyers have done drafting the agreements or how perfect they are, if there are not the bodies, the capable skilled bodies assigned to ensure that the agreements are carried out. That all the clauses to protect the Government are carried out, it is useless, the agreements are useless. In addition to agreements you need the will and the people to see that the agreements are carried out. Who are those two people? Who are the chartered accountants that have to be appointed by the Government to check on the accounts of the Melville company, as it is provide on page 29 of the agreement? Under page 29, the Government has the right to appoint chartered accountants to check on the accounts, who are these chartered accountants? Have they yet been appointed? Surely this is legitimate. I know the answer is probably known, but this is information -

MR. NEARY: Who am I?

MR. CROSBIE: Who are you? You are the minister for baby talk.

Well I am getting through this rapidly now, because summer is approaching, if it had been earlier in the winter, I would have had expanded more on these points.

Yes, who are the chartered accountants? We would think that is of public interest.

Next point, Mr. Speaker, who will the Government be appointing, I have already mentioned that, representing the Government - Clause 8-1 on page 33 of the agreement - the Government can appoint engineers, other professional persons, and experts to inform the Government of the performance by Melville and the other companies of their obligations under the agreement. That is the same point really as the last one. Who are these people?

Now, I think, it was in this House that I heard the Deputy Speaker, the member for St. John's North say the same as I am saying now; that it is useless to have these agreements if they are not enforced. That there has to be a capable team of people ^{whose} sole job is to see that they are enforced, whether it is the oil refinery, the fourth mill, the third mill, the hockey

MR. CROSBIE: stick factory or whatever. Has the Government changed the spots? Is the Government listing it all? Is there going to be anyone to enforce this? And if so, who?

Under Clause 11 of the agreement, the Government of Newfoundland was not obliged to give any guarantee until all of the terms, conditions and requirements set forth in schedule (D) were fulfilled and until the Government was satisfied by proper evidence that the project was feasible, and until all agreements have been approved. The Government has given its guarantee, Mr. Speaker. So presumably all of those agreements were entered into. All of the terms, conditions especially had to be fulfilled. Well just see what they are;

Schedule (E) The following instruments must be approved by the Government and executed by the parties thereto.

Now we are not obliged to give our guarantee unless all of these documents were entered into.

Lease of land at Goose Bay. Lease and sub-lease of land at Stephenville. The Concession Agreement. Agreement for harvesting facilities. Construction contract. The equipment purchase contract. The engineers' agreement. The working capital agreement. The financial agreements. The marketing agreement. The collateral security trust deed. The assignment from Javelin for the collateral security trustee of \$26 million, payable Wabush Iron Company Limited. An Acceptance by Wabush Iron Company Limited of Assignment. Agreements relating to the transportation of wood chips.

Now all of those agreements were suppose to be entered into before the Government gave the guarantee, presumably they were. Yet none of them, Mr. Speaker, are tabled in this House. Why not? That is a violation of Clause 4 of the Melville Pulp and Paper Agreement Act. The agreements are entered into. According to the law they should be tabled in this House. There are fourteen important documents, there are none of them filed here. So that should be answered, one would think.

Now I was looking through the files on this, Mr. Chairman, to see

MR. CROSBIE: what the project is going to cost, and the best I could come up with from all the information, was the the Linerboard Mill would be \$66 million, that is the Linerboard Mill at Stephenville. The Chipping Mill would be \$8.5 million. The harvesting of equipment and facilities \$4.5 million. And the two 65,000 ton ships were going to be \$19 million. And that totalled up to \$98 million. And in addition, Canadian Javelin Limited had to arrange to supply working capital of an amount between \$11 million and \$15 million for the project. Now are these still the true figures?

I mean there has been considerable changes since 1967. Increases in the cost of construction, equipment, the project has changed, the contractors have changed, it is now in England, not in France, the ships have changed. What are the breakdown of costs now? And has Canadian Javelin Limited arranged a working capital?

Another question, Mr. Speaker, has the Government of Canada or any agency of the Government of Canada agreed to make a grant of \$5 million towards the cost of this project? Because when this project was explained to this House two or three years ago, there was to be a \$5 million grant from ADA, the Area Development Agency, to the project. We have not heard anything since. Has the Government of Canada agreed to make any grants or has the Area Development Agency or any agency of the Government of Canada agreed to make a grant to the project? There is suppose to be a grant towards the, it was hoped that there would be two grants, one towards the mill at Stephenville, and one towards the Chip Mill and the harvesting facilities. Now what has happened there, did the Government of Canada agree or not? Or did ADA agree? Or is there an ADA grant? What has happened in that connection?

Another point is the feasibility studies, I think, I have already asked that. What about the transportation of wood? The transportation situation is entirely changed. Was any study done for the Government, if so, what did it show? Or was there any study done for the company, and if so, what did it show? And if there was a study done for the company, did the Government have it checked out? Or is the Government in connection with

MR. CROSBIE: the feasibility of the project accepting entirely reports done for the promoters? If so, that should be changed. So what is the position on that?

In 1967 Peat, Marwick and Mitchell and Company, Mr. Speaker, were appointed by the Government to examine all of the feasibility studies presented by the Melville companies, and to go through them from an accounting or financial point of view to report on the financial aspects of these studies. That was in 1967. Was the final report even received from Peat, Marwick? We do not know if it was or not. And what did it say? Or has Peat Marwick or anyone else been asked to report on the financial aspects of this project, since all the changes occurred after December, 1968? Were they asked to go back and look all the figures over again? Have they ever made a report?

When the Melville project was presented in this House first, Mr. Speaker, in 1967 there was filed in this House a memorandum which contained twenty conditions,

Mr. Crosbie;

that the Government of Newfoundland said that it would insist on being met before anything was signed - twenty conditions. The Government promised this House solemnly that these conditions would be met before any agreements were signed, and I will not read all twenty of them, but one was : adequate evidence of financing had to be given to cover the complete costs; a lease for land at Stephenville and Goose Bay executed; the various agreements with Ensa and Koff were executed, trustee; down payment agreement with the bank; contracts for the supply of the paper machine; a contract for marketing agreed upon with the marketer and agreed to by the Government; satisfactory arrangements with reference to import duty; all corporate action taken by Melville; Government directors appointed to all the boards; arrangements satisfactory to the Government made in connection with the ships and charter parties; account receivable owing to Canadian Javelin by Wabush Mines to be verified; proof of an ADA grant of \$5 million to be supplied - that was one of the conditions before the Government would enter into any agreement. There had to be proof that there would be \$5million grant from the Federal Government from ADA. There had to be proof of working capital of \$11.5 million, and adequate port facilities; arrangements made for the water supply system at Stephenville; arrangements made to construct a chipping mill.

These are some of the main points that the Government solemnly promised the House that would be observed before entered into any liabilities in connection with this project. Well were those conditions met? It would appear that all of them were not met before guarantees were given. But this House has never been told about it.

Well there are some other questions, Mr. Speaker that should be answered, such as the housing at Happy Valley that was mentioned this

Mr. Crosbie.

morning, at Stephenville. There is a question of electric power in the Goose Bay-Happy Valley area. That question is not so important now because the chipping mill is going to be down in Stephenville, but if it had been in the Happy Valley area, the question of electric power would have been a worrisome one because there is no hydro-power now available in Happy Valley. There is a question of how the wood is going to be cut? There is a lot of wood required. Where are the men going to come from? Can you cut wood in Labrador all year round? Will there be a need for bunk houses and so on? The company's very low estimates for the cost providing logging roads, whether they have been checked out or not? These are just some of the questions, Mr. Speaker that any thinking person will ask, if he considers the Melville project and the Government's relationship with it.

This is what the resolution asks for - some information from the Government as to just what the situation is and for the Government to comply - for the Government to comply with the requirements of the legislation and table these agreements in the House. Well that, of course, is another question that somebody else can speak on. So what this resolution does, Mr. Speaker, it asks - in view of the fact that the Government are making no information available, it asks for a select committee of the House to be appointed to look into these questions.

Now if the Government gave all the information that is asked for which legitimately should be answered, then you will not need a select committee. But this Government is notorious for the fact that it will give no information on anything except announcements. When it comes to great announcements, great announcements of water and sewerage, great announcements on roads, great announcements on Community and Social Development, great announcements on DREE, great announcements of Trout River

Mr. Crosbie.

that is when you will hear the information, most of it completely misleading. That is all you hear from the Government, not information, not facts, announcements, promises, programs, tremendous programs - all this resolution asks for is information. All this House knows today, Mr. Speaker, in connection with this project is that there is construction underway at Stephenville. We know that there is some wood cut up at Happy Valley - between Happy Valley and Northwest River last winter. Construction is underway at Melville. We know that the legislation has been passed. We have looked, those who are interested have looked at the agreement tabled in the House, which is only one of several dozen agreements and nothing else has been filled in since 1967.

So what we are asking for, we are asking the Government to fill us in. What is the position in connection with these points? If the Government give us the information, we do not need a select committee. That is quite obvious.

I could go on in more detail but these are the main points that come to mind that one would like information on and now it is up to the Government as to whether it will give it or not or whether these requests will be treated with ^{the}scorn of the questions on the order paper.

MR. SMALLWOOD: Mr. Speaker, there are four or five points I should like to make in connection with this matter. The first of them is the fact that the feasibility studies for this project were made by the great Canadian firm of E and B Cowan which is headed by Mr. Elish Cowan who spent something like three years with other engineers and members of his firm of Montreal. This feasibility study was submitted to the Newfoundland Government to Lazard Brothers, the bankers in London and the chain of banks - English banks who are putting up the money and by the Canadian Financial House of Nesbitt-Thompson Ltd who are a member of our financial syndicate doing the financing for this Government,

Mr. Smallwood.

the chain of nine British clearing banks. The very great Finish firm in Finland of Rauma Repola and finally by ECGD, the British Government, the Bank of England.

The project, Mr. Speaker, has been most thoroughly engineered by the firm of E and B Cowan, submitted to the British Newfoundland Government to Lazard Brothers to nine British clearing banks who are putting up the money; to Nesbitt-Thompson Ltd. of Montreal, the finance house who are a member of our financial syndicate headed by Ames and Co. of Toronto; the great Finish firm, manufacturing firm of Rauma Repola who are putting up the wood harvesting part of this enterprise in Labrador and finally by the British Government through ECGD. - ECGD, Expert Credits Guarantee Department with the British Government - ECGD and the Bank of England. That is pretty satisfactory, Mr. Speaker. That is pretty convincing. That is pretty convincing.

The second point I want to make is the fact that a contract has been made for the transport of the wood from Lake Melville to Stephenville and that this contract has been made with a British Company in Britian, which is a subsidiary of Atlas Jebsen of Norway - a very famous shipping concern at a cost, Mr. Speaker, of \$5.30 a cord - \$5.30 a cord. which is in fact substantially less than the cord price for freight upon which the feasibility of the project was based by E and B Cowan, - at a substantially higher freight rate. The feasibility study of E and B Cowan showed the project to be feasible. But, in fact, the freight rate is substantially less. It is, in fact, \$5.30 a cord.

The House is aware, I think, of the change in the nature of the transportation that has been made. The wood was to have been transported from Lake Melville to Stephenville in the form of chips - great ships of

Mr. Smallwood.

60,000 odd tons, I think, 65,000 tons, were to have gone into Lake Melville and be loaded with chips from the chip mill by a conveyor system and at Stephenville take out of these great 65,000 ton ships by mechanical grabs. If the chip mill was to operate at Happy Valley or anywhere in Lake Melville, then the chips, of course, had to be brought to Stephenville and the plan was to bring them in these 65,000 tonners. This has ^{been} radically changed in favour of a small fleet of 10,000 tonners bringing not chips from Lake Melville to Stephenville but rather round pulp wood to be chipped in the chip mill at Stephenville.

MR. WELLS: That \$5.30 - does that include the chipping at Stephenville.

MR. SMALLWOOD: No it does not. That includes only the freight from Lake Melville to Stephenville. The cost of putting the wood then through a chip mill is additional.

MR. WELLS: The original cost of \$7.30 included the chipping.

MR. SMALLWOOD: No,

MR. WELLS: Transportation was only \$3.00. That is what the E and B Cowan Report said.

MR. SMALLWOOD: Yes, that is right.

MR. WELLS: \$3.00 transportation..

MR. SMALLWOOD: That is right - that is absolutely right.

MR. WELLS: So, it is more expensive by \$2.00 ...

MR. SMALLWOOD: No, it is much less expensive - much less.

The third point I wanted to make is the fact that the sale of the output of the Linerboard Mill, the paper mill at Stephenville is in the hands of a firm in Vienna who are very well-known to me and known to the President of the Council, because both of us visited them in Vienna - W. H. Heintzel and Company who are the owners of a number of small paper mills of their own in Europe, in Italy, in Yugoslavia, in Austria and three, if not

Mr. Smallwood.

four countries of Europe. One or two converting mills, but whose specialty is the marketing of paper products across Europe and in South America and on the other side of the Iron Curtain - in Europe, in South American and on the other side of the Iron Curtain - some in the Far East. They have offices in Zurich, Switzerland and Vienna their head office, of course, in Paris, in London, in Milan, Italy and Darmstadt, Germany.

They have contracted to take seventy per cent of the output of the mill on a long-term basis. The fifty fact that I think the committee would be interested to hear is the fact that there has been, quite recently, in the European market an increase, an increase of fifty United States dollars - fifty dollars, U.S. a ton in the price of Linerboard on the European Continent - an increase of fifty dollars, American, per ton over and above, fifty dollars a ton over and above the market price upon which the feasibility study was based by E and B Cowan. The whole project is based on a feasibility study made over a period of years by the great firm of E and B. Cowan who have engineered a number of paper mills across Canada. And that feasibility study showed the project to be profitable on the basis of a price to be obtained for the Linerboard in Europe of fifty dollars U.S. a ton less than the price now is. At fifty dollars a ton less it was a profitable enterprise and at a substantially more freight cost on the wood, the wood fibre from Lake Melville to Stephenville the project was profitable and was accepted - the feasibility and the profitability of the project was accepted by ECGD, by the British banks, by the big Finish firm who are partly financing the project, Rauma Repola, by the Newfoundland Government - the feasibility study then made showed the project to be feasible - to be profitable and since that project was shown to be feasible and profitable, two things have happened: (1) the cost of moving the wood fibre and that is all it is fibre - fibre in the form of chips or in the form of round pulp wood, a substantial reduction

Mr. Smallwood

in the cost of moving it, of freighting it, of transporting it from Lake Melville to the mill at Stephenville and in the market price of the finished product, the paper itself going out from the mill to Europe. There has been this very satisfactory increase of fifty dollars a ton, U.S.

Now if it were feasible and profitable at these higher rates for freight costs and lower prices for the finished product, it certainly ought to be pretty feasible now with these improved figures.

MR. WELLS: Would the Premier explain how he can say that the cost of transportation is down when on the information that we have, it shows the transportation cost, originally, at \$3.00 per cunit I believe the figure was. If it is now to be \$5.30 then I am lost somewhere along the way. Maybe he knows something else about it that I do not know. But those two figures do not match on my calculations.

MR. SMALLWOOD: Yes well, Mr. Speaker I repeat what I have said already that in the cost of moving the wood fibre from Lake Melville to Stephenville, there is a very substantial reduction and as there is a very substantial increase in the price of the finished product.

MR. WELLS: Is he talking about the difference in a cunit of solid wood and a cunit of chipped wood - is this..

MR. SMALLWOOD: I am talking about wood fibre. What a paper mill uses is wood fibre. That is all it uses - wood fibre and a few chemicals, some limestone, some acids, some chemicals but primarily what a paper mill uses is wood fibre and the wood fibre will be landed at Stephenville from Lake Melville substantially cheaper from the standpoint of the freight - of the freight.

Now there is something else, Mr. Speaker, and that is this: that the

Mr. Smallwood.

greatest fear that I had about this paper mill at Stephenville is the fear that I expressed to John Doyle. I used to put it to him in this form. I used to say, "John, sure you can build a paper mill. Of course you can. You can hire men to do it. You can hire men. They are, relatively speaking, comparatively speaking a dime a dozen - men who can engineer, design and engineer a paper mill, sure you can. You came in to do it and they will do it. There are hundreds of men around the world that you can hire to design a paper mill and it will be the last word, the latest word in a stream lined, efficient paper mill. That is a dime a dozen . There is no trouble. You can do that. No worry, you will do it. I accept that.

"Then again, there are 500 big firms around the world who can build that plant according to plan. Having built it, you can get men relatively speaking for a dime a dozen or well \$10,000, \$15,000, \$20,000, \$30,000, \$40,000, \$50,000, \$60,000 a year each depending on their particular skill. You can get men to run the paper mill. And you can get salesmen to sell your product and you can find markets. Sure all that is relatively easy - no real difficulty there. Anybody can do that. All you need is the money to hire them and they are there to be hired. You can get a magnificent mill built but where you may run ashore and be wrecked is in your wood - is in your wood - is getting your wood - getting it in the first place and getting it economically in the second place." I always had this knowing fear of the ability of Javelin to get the wood - the wood in Labrador and get it at a good price at an economic price. I repeatedly drove this home to John Doyle. I think, perhaps, that my fears had very good results. At one time I tried to bring about a marriage of Bowaters and Doyle in Labrador but only in Labrador, only in cutting the harvesting of the wood - not in the

Mr. Smallwood.

operation of the paper mill, but just the harvesting of the wood, and my reason as I said to him was that in Bowaters we had^a pretty hard fisted and hard headed, practical, experienced company with a record of success in harvesting wood.

Now I made a mistake there, because, perhaps I ought to have advocated Price rather than Bowaters. I think that Price of Grand Falls have probably had an even better record in harvesting wood than have Bowaters, although Bowaters are very venturesome and very bold and daring company, and they have taken chances that perhaps Price have never been willing to take. But on balance, I think it may be the case that Price are more successful wood harvesters than are Bowaters and perhaps I ought to have advocated with Mr. Doyle that he endeavor to make a marriage in Labrador with Price for the harvesting of the wood. But, however, he did neither. He did neither. He did neither, but I think what he did do was come to a realization more clearly than he had done heither-to of the absolutely vital, the life and death importance of making a good job of the wood harvesting, that the whole great project could collapse on that rock. I think I did drive that home to him successfully and Mr. Speaker, by their fruits ye shall know them. Nothing succeeds like success. Put the thing to the test and this they have done. They have shipped away ship load after ship load of pulp wood harvested in Lake Melville, and they have established the fact - they have established the fact that an efficient operation in wood harvesting can cut the cost of harvesting - can cut the cost of wood fibre substantially below the figure that had been imagined before. They have done that.

It is a pleasure to go to Lake Melville and see the operation. It is a real pleasure. It would do

MR. SMALLWOOD: any Newfoundlander's heart good to see that green gold harvested, to be turned into cash - to be turned into cash to pay wages - to be turned into cash to keep a great paper mill going. So that the actual harvesting of the wood in Labrador, and the actual transportation of that wood from Labrador to Stephenville, have both of them, turned out to be cheaper than the estimates of E. & B. Cowan when they estimated the cost of the whole operation. Now this Resolution on the Order Paper today was given notice of weeks and weeks ago, and I suppose having given notice of it, the hon. member for St. John's West feels some compulsion to go ahead with it. I had expected he would withdraw it, or let it die on the vine, but he is not that kind of hon. member. He will go down into the grave rather than change it - down in the grave with all banners flying, and hurling defiance at me and everybody connected with me. He will go down in the grave rather than let it die on the vine, or withdraw it. So he makes a brave and rather stupid speech here this afternoon, which is his right - Franklin Roosevelt said one time when he was President of the United States, somebody said to him "Mr. President, so and so, (naming the man) "so and so," (naming a man in the President's cabinet) "so and so is a fool." He said, "well yes, that is right, yes he is." But, he said, "Mr. President, you have a man in your cabinet that you admit is a fool." "Oh, yes," he said. "Don't you think there are a lot of fools - do you not think they deserve to be represented?" And so do you not think they are entitled to some representation? There are an awful lot of them around. And so if an hon. member of this House if full of determination, stubbornness, self-willed stubbornness, he will see the thing through. even if he smashes himself up and everybody with him. So he is moving the Motion and he has made a very eloquent speech all about nothing. The project is now launched. It will be a brilliant success. It will go on from success to success. It will expand from glory unto glory. It will go and there will be thousands of Newfoundland families that will earn not great affluence but will earn

a decent living, and their children as a result will grow up and have good health, good clothing, good homes, good education and there will be doctors and lawyers, and God forgive us, probably members of the House of Assembly, and engineers and teachers and pretty good people in hundreds, produced as a result of that paper mill. And some of them will be in this House here and reading Hansard, and reading the hon. gentleman's speech this afternoon. And I daresay some of them will be quoting it, will be quoting the hon. gentleman's speech as a good oddity, good curiosity, good samples of the - like for instance, the Iron Duke, the Duke of Wellington, you know in the famous speech he made in the House of Lords - told about the utter and complete calamity that was about to overcome England because they were going to pass a law prohibiting children of eight years of age from going down under ground in the coal mines. Stop this and England falls. Stop this child, this infant labour, and it is the downfall of the British Empire. And he says that seriously and that is now quoted as a tremendous curiosity. Well in the same spirit the hon. gentleman speaks this afternoon - five, ten years from now, will be quoted by some person who will read Hansard of today's proceedings. He will win thereby, a certain kind of fame.

MR. WELLS: Has not Wellington been right? Has not the English Empire fallen?

MR. SMALLWOOD: Not because little boys and girls of eight years of age were stopped from going down in the coal mines - not because they had little boys and girls of eight and nine tackled into wagons, hauling wagons of coal 2,000 feet underground down in the coal mine. It was not because they stopped that, that the British Empire finally disintegrated. It was for quite other reasons altogether. And it happened in any case a long, long time after he made his prophesy. His prophesy turned out to be right. I make a prophesy here and now that I know is right. The world is going to come to an end. And if anybody is around at that time I will be hailed as an absolutely miraculous prophet. I now here this afternoon prophesy the end of the world. Now whether it will be a billion or nineteen billion years, or only three or four or eight million years from now, I do not know. But

I prophesy the end of the world, as he did the end of the British Empire. But the reason I give, I am wise - I am learning, I am not giving the reason. The Duke of Wellington gave the reason. It was because there was actually a government in England so stupid, so foolish and shortsighted and unpatriotic, that they are bringing in a law to stop little boys and girls of eight and nine years of age from being allowed to go down for the coalminers, to make the Duke of Northumberland and the Duke of Westminster and the other great Earls and Lords of England richer, by their labour 2,000 feet underground.

But there you are, fame will come at last to the hon. gentleman. He will have it sometime of a sort - his speech will be cited as a parliamentary curio - as a curio in the upward struggle of Newfoundland to find jobs for her people.

MR. CROSBIE: Let us give him a good hand. Let us give him a good hand. No information.

MR. WELLS: For what? For what? He said nothing.

MR. SMALLWOOD: Now comes the eloquence.

MR. WELLS: I am not going to be very eloquent. I am not going to speak more than two or three minutes, to refute that. That is what is called obscuration, pure and simple. It is simple. You know what I mean.

MR CROSBIE: Who are the government directors?

MR WELLS: The member for St John's West stood here, for an hour, and pointed out all the reasons why we are concerned. And he did what it is his duty to do. If he did anything short of that, he would be negligent and he would be failing in his duty to the people of this Province.

As he pointed out, while we are guaranteeing a nett of about \$58 million or \$56 million dollars, approximately, a nett amount of about that, in effect we are guaranteeing the whole thing. Clause (53) of the agreement between the government and the companies concerned. Clause (53). The Government shall give to the Government of Canada, then it lists all of the people - this Government here shall give to the Government of Canada

or any agency thereof to Walmsleys, Lazard, MacAlpine, McAlpine - Newfoundland, Rouma-Repola or to such other company acceptable to the Government as may be substituted for any one of the hereinbefore mentioned company. Now they shall give what? Such undertaking as each may require, in the stronger words of, each such company may require, this Government shall give an undertaking, such as they may require, that the project shall be completed. What does that mean? This Government shall give to any of the Parties involved, the financing parties, the construction parties and the Government of Canada, such undertakings in effect guaranteed, as they may require in such form as they may require, that this whole project will be completed. Now if it turns out that E. & B. Gowan were all wet, and the thing is going to cost \$200 million dollars, we are on the hook for it. That is it. We had to do it, because we have undertaken that it will be completed. We have guaranteed the completion of that project. The member for St. John's West, when he was speaking, pointed this out. Then he pointed out all of the other things that had to be done. We have undertaken, under our contract with them, the Government shall procure the Government of Canada to undertake to develop the necessary water supply system at Stephenville - to supply all water needed for the full operation of the mill, in accordance with the study of resources engineering, and Melville shall arrange with the Government for the purchase of water from the water system authority. This is in our agreement between the Government and the other party - that we undertake to procure the Government - the thing is stronger than that. It says the Government shall, it is mandatory, the Government shall procure the Government of Canada - so what happens if the Government of Canada says no? Do we have to do it ourselves? We have undertaken and the agreement says we shall procure the Government of Canada to provide the water supply system. And you heard what the member for St. John's West said. Maybe he is right. There is not sufficient water, fresh water, in the Stephenville area to supply this mill. They have to tap the resources of George's Lake via Harry's River, which is probably the most direct route into Stephenville - would be seven miles, six miles anyway. We have to run the water system, and do whatever is necessary with the river to assure an adequate supply

of water. We would also have to do it and the Government of Canada would require that it be done in such a way as to protect the salmon on Harry's River, because Harry's River is one of the better salmon fishing rivers of the Province - one of the biggest producers. Probably second only to the Humber. I do not know. It is one of the better ones.

But this could run into a fair amount of money. The question the hon. member for St. John's West asked -

MR. SMALLWOOD: What could? What?

MR. WELLS: The water system.

MR. SMALLWOOD: That is settled.

MR. WELLS: Well what is it? He asked what it is?

MR. SMALLWOOD: It is settled. It is settled.

MR. WELLS: I do not accept his answer. Maybe it is settled, but tell me how it is settled.

MR. SMALLWOOD: Oh no. It is settled.

MR. WELLS: Tell me how it is settled.

MR. SMALLWOOD: They are putting up the money.

MR. WELLS: Who is?

MR. SMALLWOOD: The Government of Canada.

MR. WELLS: Well that is all we ask. I do not care in a sense - if the Government of Canada have undertaken to do it - the hon. members that are removed from me on my left would like to know how much? Well I say, in a sense it does not matter. We all pay taxes.

MR. SMALLWOOD: Nineteen million imperial gallons, which is, I think, around twenty-one million American gallons.

MR. WELLS: Yes, well that is how much water - now how much dollars to put it there?

MR. SMALLWOOD: Oh whatever the cost is. The Government of Canada is putting up the money and charging for the use of the water, and getting their money back through a reasonable charge. All that is in the feasibility study.

MR. WELLS: The Premier got up and ridiculed or attempted to ridicule, he

was not very successful at it, but he attempted to ridicule the hon. member for St. John's West for asking -

MR. SMALLWOOD: Look, look do not lose the sense of humour. Do not let the hate and all the rest of it - a little leg-pulling, a little poking of fun, and it becomes a vicious attack. Come on, come on.

MR. WELLS: Harking back to what the Premier said. Harking back to what the Premier said. Harking back to what the Premier said. The hon. member for St. John's West asked these questions - the Premier got up and made a great speech about E. & B. Cowan and what a great firm they were, and what a great firm Rauma - Repola were.

MR. SMALLWOOD: Then I sat down, and that was it.

MR. WELLS: Chided, if he preferred, or ridiculed, as the Press may report, I do not know.

MR. SMALLWOOD: They will not say a word of the whole afternoon.

MR. WELLS: That is one conclusion that could have been drawn from it. The hon. member for St. John's West was wasting his time and the time of the House with putting such a Motion on the Order Paper, because he was full of - and then he stopped. He did not use the word that we have normally heard throughout this Session - and he made it determination - determination he said. It is his duty Mr. Speaker to do just what he did, and he would be failing in his duty and so would we all if one of us did not do it, or see that it was done. To see that such a Resolution was put on the Order Paper, and he asked all of these questions. The Premier got up and made a great speech about what a great firm E. & B. Cowan was, and Rauma - Repola and sat down, and gave no information at all. No information at all. The member for St. John's West listed out all of the questions and I do not propose to go over every one of them - one of which was the water supply system. That does not come out until now, and now the Premier says the whole issue is settled - the Government of Canada is going to build it. Why could he not say that before? So this is the information that is being asked for. Where we are on the hook for whatever it will cost - certainly for about \$58,500,000 I think the figure is - certainly that much, and

should they be unable to complete, we are on the hook for whatever it will cost to complete it. If it takes a hundred and twenty, a hundred and thirty, or a hundred and fifty or three hundred million -

MR. SMALLWOOD: That is it. That makes our blood run cold.

MR. WELLS: It does. It causes me some concern, and if it did not, I should not be sitting in this House. If I were not concerned with it, I should not be sitting here.

MR. SMALLWOOD: The hon. gentleman is an eloquent picture of concern.

MR. WELLS: I was concerned enough to do something - concerned enough about the Government's general approach along these lines to take the step that I thought was right, whether it was wrong or right remains for somebody else to judge not me - but I thought it was right and I was concerned enough to take it.

MR. SMALLWOOD: I do not think the hon. gentleman is going to give the people a chance to judge that.

MR. WELLS: Maybe - maybe he is right. That remains to be seen too. That remains to be seen too. Then the Premier stands here - one of the big features of this, as I recall it Mr. Chairman, that made this whole thing feasible, in the first instance, was this great new revolutionary idea of John Doyle's. It was the one factor around which the whole thing was built - so we could bring the wood fibre from Labrador in ships. The cheapest conceivable way of doing it - we will bring it in ships and blow it aboard the ship and blow it off the ship or dig it out of the ship in chips. We chip-mill down in Labrador, cut the wood there, ship it up and ship it, in two sixty-five thousand ton ships, during the shipping season. Without this, the whole thing was a washout. This was the thing that made it feasible, to bring wood from Labrador and construct a mill at Stephenville. This was the big feature of this whole thing, as I recall it. All of a sudden that is washed out the window and now we are bringing it in whole logs, or pulp wood junk or whatever they choose to cut - it does not necessarily have to be four foot, but that is the standard pulp wood. The hon. member for St. John's next asked: what has changed? Because this was the key feature

of the whole thing first. Do not forget that. So what is changed now to bring this about? The Premier says two things makes this even better. We are going to save two dollars on the shipping cost - down from seven dollars and thirty cents to five dollars and thirty cents. I asked him if that five dollars and thirty cents included the cost of shipping, and he said, "oh no, absolutely not." And then I reminded him that the original E. & B. Cowan report was based upon a figure of seven dollars and thirty cents but that included barking, shipping, loading and transportation. Barking, shipping and loading was four thirty, transportation was three dollars. He still maintained that it was two dollars cheaper. So I asked him to explain how - well never mind that. I just say it is two dollars cheaper. If we are talking about dozens of cords versus one cord, or we are talking about so much fibre content in a cunit of chipped wood versus so much fibre content in a cunit of whole wood or whatever, then tell us what he is talking about. This he refused to do. We are only asked to guarantee fifty-eight million five hundred thousand directly, and we are also asked to assure everybody else concerned with it, except Javelin, that the project will be completed. That is all we are asked to do. And whether it is ridiculing or chiding for the Premier to stand up and talk about E. & B. Cowan for a few minutes, and Rauma - Repola for a few more minutes, then chide the hon. member for a few more minutes, or ridicule the hon. member, depending on which way you see it and sit down - it is ridiculous. What are we here for? If we are to leave everything to the Government, and we are not to question anything or not to express an opinion on anything, then what do we do in here? Why do we not pack up and go home and let them run it from the Cabinet room? Let them run ^{an} autocracy from the Cabinet room.

MR. SMALLWOOD: We are thinking about putting gags on all the members.

MR. WELLS: You might just as well as take that approach. Might just as well.

MR. SMALLWOOD: Just as well.

MR. WELLS: Might just as well.

MR. SMALLWOOD: Just as well.

MR. WELLS: We still do not know what the difference is in the original cost, transportation cost or how it becomes cheaper. There has been no indication of that. We do not know whether or not the engineers or accountants have been appointed. We do not know whether or not the Government of Canada have approved the ADA grant. We do not know that. We do not know the answers to any of the other questions. Look Mr. Chairman, the Government could make this whole Resolution pointless and worthless, simply by answering the question. Simply by answering the question. They could render the whole thing useless, and if they agree to answer all of the questions asked, I sit down now and hear the question. But the purpose of the Resolution is to get this information as it is our right, if we want it. It is our right. But above and beyond that it is our duty to obtain it. It is our duty to enquire into it and assess it and express an opinion on it. And if we do not do it, we are failing in our duty.

The Government has refused to give the information. Nobody can make a judgement on it or say it is good, it is bad, it is indifferent, or whatever, without having adequate information upon which to base that opinion or judgement. And this is all that has ever been said. On the information we have, we do not know. This is not certain. We do not know what additional cost is going to be in terms of housing and municipal facilities. We do not know what additional cost is going to be for water facilities. We have just found out now that the Government are going to build it. It is the first time that we have had that information.

MR. WELLS:

We do not have any of the other information upon which to base an opinion. I suppose, I do not know, I do not feel free to reveal everything in detail but I suppose I feel free to make this general statement. I spoke for a few moments yesterday with Mr. Doyle and I suppose or I assume that he spoke to me on a confidential basis and I do not feel free to discuss in detail everything he said so I will not. But he did assure me and I ask him point blank. I asked him a number of questions and he gave me the answers. I think he gave me answers to pretty nearly everything I ask but it was only a few moments, you know to sit down and talk. He expressed the general opinion that everything was all right, that was his conclusion. Everything is all right. Everything is going ahead, everything is all taken care of. Some of the information the Premier gave out here this afternoon, he told me about the extra fifty dollars ton price. But his general opinion was that everything was all right.

Amongst other things I said to him, "Now look, (he did not feel insulted, I am sure), you are not pulling my leg? Everything is on the level what you are telling me?" There was another young man with him who was attempting to be an executive and he got a bit annoyed at my saying this. Mr. Doyle, in fairness to him I must say, laughed and said, "Yes, it is all all right. I think everything is okay and I am prepared to stand by it." Well, he is, I know, but we have a fair bit at stake too and it is our duty, Mr. Speaker, to do just what the hon. member for St. John's West has done today. It is our duty to do that and if we do not we are negligent.

The value of the resolution is still with us. It is still a proper resolution and it still deserves support because what it asks is that we appoint a select committee to inquire into and report back to the House with respect to the status of the Melville project and progress to date including and then he would list out a number of things. If the Government would give the information requested in all of the questions that have been tabled in the House, if they would have answered the questions that the hon. member for St. John's West posed this afternoon, if they had done that, the resolution could easily be withdrawn from the Order Paper as being unnecessary. But unless and until they do, it is an essential resolution and anybody who does

MR. WELLS:

vote against it has no respect for, no regard for the interest of the people of this Province because it is in their interest to know -

MR. STRICKLAND: That is your opinion.

MR. WELLS: Yes, it is so my opinion. I say that if the hon. member for Trinity South does not vote for this resolution on the basis of the performance of the Government up to this point, right to the point when I am speaking, unless they change and give us the information later in the afternoon, the hon. member for Trinity South, in my opinion, does not have any real concern for his constituents or the people of the Province as a whole unless he supports it. Unless he supports this he does not because, Mr. Speaker, we are talking about the people of this Province guaranteeing a minimum of \$58 millions. The whole project, as I see it, on the scanty information I do have, looks feasible. Mr. Doyle assures me that it is. Now I do not know, I cannot express an opinion whether it is or not and I am honest about it as I do not know whether it is or not. It looks like it is and Mr. Doyle makes it sound pretty rosy.

The Premier has announced a great expansion to it that will ultimately require this mill to cut as much wood as Botwaters and Price put together.

MR. SMALLWOOD: No, no, excuse me.

MR. WELLS: Well that is the impression I got.

MR. SMALLWOOD: No, no perhaps the hon. gentleman will allow me. They are going to cut that much anyway without any increase in the size of the mill.

MR. WELLS: But he did announce a proposed increase -

MR. SMALLWOOD: A proposed increase in the consumption of pulp wood in Stephenville either by way of an increase in the size of the present mill or the construction of another mill altogether to make another kind of paper would send the consumption of wood beyond the amount now consumed by Bowaters and Price combined. But the mill as it is with the export wood will equal that.

MR. WELLS: They are going to continue to export even when the mill starts production I assume.

MR. SMALLWOOD: Until they increase the mill or build another one.

MR. WELLS: I see. I do not know whether or not we are going to be involved

MR. WELLS:

in any guarantees or is it certain this expansion is going ahead.

MR. SMALLWOOD: No, no guarantees.

MR. WELLS: No guarantees.

MR. SMALLWOOD: No additional guarantees.

MR. WELLS: I am delighted to hear that. This expansion is not included in the project. The project is confined at the moment to the thousand tons per day so that when we guarantee completion of the project it is limited not to the overall including the extension but to the thousand tons per day as I see it in the documents at the moment. Well, I am delighted to hear that, that we are limited at least to that much. Because I cannot, Mr. Speaker, say to the people of this Province, I cannot on the basis of the information that I now have, the mill at Stephenville is a sure thing, it is a good risk for the Government to take, it looks like it will be economic and it will make lots of money, the risk that we are involved in is relatively small and it is the proper risk for the Government to take. I cannot say that but neither can I say the contrary, that the whole thing is uneconomic. I cannot say that, that it will not work. I cannot say that.

What I can say to the people of this Province and I do not know whether they expect me to say it but they do expect some of the members of this House other than the Government, Mr. Speaker. They do expect some of the members of this House to express an opinion on it. How can we unless we have the information ask for, that is all? We are not condemning the Government for entering into the agreement. Maybe it just could turn out that it is the wisest thing the Government ever did, I do not know.

MR. SMALLWOOD: Could I express my profound thanks for that lack of opposition. I am so grateful and I think the workers in Stephenville would probably be grateful and those in Labrador. Probably, I will get the word to them.

MR. WELLS: Is the Premier just now realizing that I do not oppose for the sake of opposing, he should have known that before.

MR. SMALLWOOD: No, no.

MR. WELLS: He is just now realizing that.

MR. SMALLWOOD: No, I do not realize it.

MR. WELLS: You do not and you do not accept it.

MR. SMALLWOOD: No.

MR. WELLS: Do you suppose there is any hate involved. I cannot believe that there is. I do not, Mr. Speaker, honestly I do not believe that there is any hate involved. I do not believe the Premier hates me. I do not believe he concerns himself enough with me to even think about me.

Mr. Speaker, my condemnation of the Government, and it is a condemnation, make no mistake about that, is for being so callous with the people of the Province and with the representatives of the people of the Province, as we all are in this House. The Government happens to be a part of it. The House as a whole are the representatives of the people of this Province whose duty it is to protect the interest of the people of this Province. For being so callous as to ignore all the requests for information upon which to found or express an opinion. To ignore to the point where it becomes necessary to put a resolution like this on the Order Paper and then, this having been done and brought forward, to go on and ignore it and answer none of the questions brought up during the debate but just sit down and laugh at it. That is my reason for condemnation of the Government. Not because they entered into the agreement, as the agreement, as I say, may be the best and wisest thing the Government ever did but I do not know. Maybe, and maybe, Mr. Speaker, it is the worst thing that it ever did although I cannot imagine that. I cannot imagine how that could be so when I look at Come By Chance and ERCO. It could not be the worst thing they ever did but it maybe a bad thing but I cannot express an honest opinion because sufficient information has not been given. This is why I condemn the Government. This is why I support the resolution.

This resolution does not in any way express an opinion on whether or not this project should go ahead. This resolution merely asks for information and asks, Mr. Speaker, to appoint a select committee to find out this information because the Government has consistently refused to give it in answers to the questions tabled and in answer to the questions that have been raised here today. I do not see how any hon. member could be opposed to the resolution. All we are asking for is information on which to found

MR. WELLS:

an opinion. What could be simpler? What could be more honest and straight forward than that?

MR. HICKMAN: Mr. Speaker, just a couple of comments on the resolution. First, I do not think that there is much point in this House spending too much time talking about the feasibility of the linerboard mill any more because we are now led to believe and as we understand there has been a binding agreement signed -

MR. ROBERTS: We have to live with it.

MR. HICKMAN: We have to live with it but whether we know what we have to live with is another question but the simple fact is that we understand it and in accordance with the agreements that have been tabled in this House is that contracts have been signed. I hope the contracts have been signed within the terms and conditions of the Act that was passed by this House which limits the fixed, firm guarantee to \$53. million Canadian and not a cent more -

MR. CROSBIE: Well, that is not so, we know that it is \$58. million.

MR. HICKMAN: And provides for the escalation, the Government's guarantee of escalation following the construction of the mill. But be that as it may, the agreements have now been signed and the Government of this Province is stuck with them for good or for bad. What is concerning me a great deal more at this time is the fact that work is now to commence or has commenced. We were told some months ago by a release in the Evening Telegram, April 3rd, that the union contracts had been signed, that 325 men would be employed this year on construction and that it would eventually reach a peak of 800 men in 1971. So we have to take Government's statement that binding contracts have been signed. But you, Mr. Speaker, raised in this House probably the most vital question that is presently facing Government insofar as Stephenville is concerned. The other questions presumably have been dealt with and cleared up to the satisfaction of Government but as the project starts and now that construction has commenced what has Government done to assure us and to assure the people of this Province that we have not bought a pig in a poke, to assure that every cent that is to be spent on the construction of this mill has to be spent, that we will get the best value for our dollar and that when the mill

MR. HICKMAN:

is constructed we will have a mill that will operate efficiently and will not be a charge on the economy of Newfoundland?

Now, Mr. Speaker, we were told some months ago by the hon. the Premier that he had attempted to contact or had indeed contacted a pulp and paper engineer in the person of Mr. Gerald Penney to come to Newfoundland and to protect Government's interest and to be a supervisor on the job for Government. But, Mr. Speaker, apart for the fact that apparently Mr. Penney could not take the job and he is a highly qualified pulp and paper engineer, I would hope that this House does not come to the conclusion that the retaining of one engineer or two or three will be sufficient to protect Government's interest in this project. The total cost of the mill has been indicated at something in excess of \$100. million -

MR. CROSBIE: The Government will not tell us what it is.

MR. HICKMAN: This is an estimate. The fact is that with an open end guarantee, Mr. Speaker, if the mill when it reaches \$100. million worth of construction, if it is found that that is not sufficient any Government, it does not make any difference what Government is in power, has to complete the construction of that mill. We do not have to look very far to see what can happen when a Government permits the construction of a mill without adequate supervision, without having a whole battery of engineers, to use Mr. Speaker's words, without having a battery of accountants to see that every cent that is spent is properly verified and used in the construction of this mill, that monies do not go into, what promoters call, incidental expenses, no promotional fees, no unnecessary travelling, no unnecessary expenditure, period.

Mr. Speaker, may I direct this House's attention to an article that appeared in the Financial Post of March 28th, 1970 concerning a proposal quite similar and a project quite similar to the one at Stephenville namely the Pulp and Paper Mill that is being financed by the Government of Manitoba. That mill, that projected cost, according to highly qualified pulp and paper engineers and according to the feasibility study prepared for the Manitoba Government, was supposed to cost not in excess of \$80. million. There you did not even have an open-ended guarantee. But then there was a change of Government

MR. HICKMAN:

and when the new Government takes over, to its absolute horror. It finds that it now is involved in a mill that is going to cost \$135. million. Now surely to walk away, walk out of it and say, "Our agreement was for \$80. million, that was our guarantee, you have gone over \$80. million, too bad". But there is only one chance that the Government of Manitoba has now to ever recoup its losses and that is to go the rest of the road and put in the \$135. million. But the significant thing is, Mr. Speaker, that apparently that Government too failed to provide the necessary supervising engineers and accountants and consultants during construction because the sudden escalation came as a great surprise to the Government of that Province and indeed that Government is still complaining that it cannot get the necessary and accurate information from the promoters whose head offices are outside the Province of Manitoba. The parallel is frighteningly close, Mr. Speaker.

But now what they have done in Manitoba and what they have been compelled to do in deciding whether it can now be completed for \$135. million they have called in four companies to supervise the completion of this work and to ascertain what has happened to the \$80. million that has already been spent. And what I say, Mr. Speaker, is that that Government regrets very much that its predecessor was not prudent enough to retain the engineers and the consultants and the accountants at the time this construction started. Now they find that after the event they are going to call in engineers to see if the money has been properly spent and to see if they got good value for their money.

Now, Mr. Speaker, there is nothing wrong about learning from the mistakes of other Governments or I do not think there is and when we see what can happen in the same type of industry, in a Pulp and Paper Mill in Manitoba where the transportation costs, I presume, would not be any higher than here and probably less because they do not have the new problems of harvesting wood in Labrador. Can anything be more prudent or any more essential than for Government to tell this House now, "We have retained John Jones and Company, Here are their credentials, there will be a staff of twenty, thirty, forty or more if necessary on the job all the time, there will be not one cent spent on

MR. HICKMAN:

the construction of that mill unless they verify it, unless they come to Government. Because the provision is contained in the agreement, Mr. Speaker, as you well know, and as this House knows, the agreement tabled here, that Government has the right to do it. But having the right to appoint and appointing is a horse of another colour.

Mr. Speaker, I do not suppose anybody in Newfoundland is unhappy over the fact that work has started. But the fact that work has now started out there and the fact that none of these experts or engineers have been appointed can only lead one to believe that this mill is going to be built and it is going to be built in accordance with the plans and specifications of Mr. Doyle's company and his engineers, E. and B. Cowan. Now E. and B. Cowan can be and I believe they are a highly creditable organization. They have built many mills in North America and some outside and some of the mills they have built have stayed within the cost and others have not, whether it was their fault or whether it was the escalation of prices generally in North America, who is to say? It is a fact that the mill that was recently built in New Brunswick, near Bathurst, got completely out of hand when it came to the final cost. It is a fact that the mill that was built at the head of the Great Lakes, quite recently, cost more than had been anticipated. It is not a question of pointing a figure at the consulting engineers who prepared the feasibility report, although they are supposed to be able to project escalation in costs. But what is essential is that we realize that these engineers are not the servants of the Government of Newfoundland. These engineers are the servants of the promotor, Mr. Doyle, and obviously they are not being retained, they cannot be expected to protect the interest of this Province if a conflict arises between the promotor and the Government.

Government very prudently insisted that there be provided in the agreement a clause or clauses giving Government the right to appoint these supervising engineers and to protect the Province's interest. Now, Mr. Speaker, this has not been done and work has started and there is not much point in showing ordinary common sense and prudence in providing the right to do it and then not making the appointment. What would happen, for instance, if six months

MR. HICKMAN:

from now Government decided to appoint these supervising engineers, after six months work has been completed? There is no way to recall monies that have been unwisely spent or costs that have gone too high. Mr. Speaker, this is why in this industry, now we were told another industrial development is supposed to take place at Come By Chance, that because of the competitiveness of the industry that certain studies and certain feasibility reports have to be kept absolutely secret because competitors might find out about it. That criteria does not apply to the Pulp and Paper industry at all.

And what I say, Mr. Speaker, is that, when a promotor or promotors come to do business with the Government of any Province, they have to realize and I have grave doubts that the promotors who come to this Province do realize that when they are dealing with Governments they are not simply dealing with another business or another proposed business partner where you can keep the proposals and the studies secret and all you have to do is to give them to the financiers and say, "Do not let anybody else see them" but when you come to deal with the Government you are dealing with public funds and your other partner happens to be the public and you have not the right to withhold from the public feasibility studies or information that is necessary for the public of this Province to make up their mind whether or not this is a good project.

So far this House has been told that E. and B. Cowan are men of great repute. We do know they have supervised the construction of other mills and that is all -

MR. HICKMAN: that is where it ends. We know something about the cost, we know nothing about the feasibility. We do not know what their findings were. This is what we are entitled to see. Because Mr. Doyle is not getting his money from some great financial institution. He happens to be getting it directly or indirectly from Newfoundlanders. They are his partner, and they are entitled to know.

Mr. Speaker, I think it is very significant the finding that was made in connection with the very serious problem that they have run into in Manitoba for just that reason, lack of supervision. And the other reason was this - the quotation is that referring to this fund that is operated by the Government of Manitoba, the less of a veil of mystery there is around the funds operation, the less criticism there is likely to be. Now does not that provide and apply with the full force and effect to the government of any province that is entering into a deal for the development of its resources and is pledging the credit of this Province to the development of that resource? But if you want to avoid criticism, if you want to have the confidence of the people, that this is going to be a viable industry, that there will be hundreds of jobs flowing from it on a permanent basis, that there will be great returns to the Provincial Chest, and to the Provincial Treasury and that these monies will be able to be used for the development and the provision of social services, then surely the first thing to do is to lift the veil of mystery and the veil of secrecy that surrounds this development. And I feel quite confident that there are very few hon. members on either side of this House who have the foggiest ideas of the feasibility or the viability of the Stephenville proposal. And, I think that it is asking too much of hon. member to simply take a statement from the Leader of the Government that is sound, *in vicinis et toto*. And we are entitled and this House is entitled and the public of the House are entitled to see this information.

Now, Mr. Speaker, to give you an example of the sort of problems that can arise and the disillusionment that can set in as a result of

MR. HICKMAN: information not being made available on this project. As soon as the agreement was signed with the unions in April to go ahead with the construction of the plant in Stephenville, Newfoundland companies, Canadian companies immediately started to show great interest in getting in on a part of the action. After all there is going to be \$100 million or more spent in Newfoundland or in connection with Newfoundland, not in Newfoundland. There is going to be a pledging of the credit of this Province for at least \$58 million. And there is a provision that, all things being equal, Newfoundland workers are to get preferences, if they have the skills and the training required. So that the suppliers and the manufacturers and the local entrepreneurs they decided that they too should get first office. But here is what they are finding, but they have not got the details, nor has this House. And this was reported to me as late as May 31st. of last week: That these companies are going to McAlpine and saying we can supply the nuts and bolts or we can supply particular equipment pursuant to the specifications that have been laid down. We can get you Canadian manufactured goods at a cheaper price than the British manufactured goods. Because it eliminates excise duties. But they are being told, without giving the details, that they have to be an English company.

Now, I do not know anything about the details of the E.C.D.G. loans but the general policy that has been laid down by E.C.D.G. and by Hermais and by the one in France, and any European country where they have set up these funds, to aid industry in there area, in the underdeveloped countries, is that there has to be a very high percentage in the case of England, of British content. But we do not know, we know the general policy ^{of} the British Government is, that if E.C.D.G. is to guarantee or to advance the monies, in this case on the guarantee of the Province of Newfoundland, then there has to be British content in the goods, British content to be used in that mill.

Now I think this House is entitled to know what is the percentage. Does it mean that every nut and bolt that goes into Stephenville must be

MR. HICKMAN: manufactured in Great Britain? Does it mean that all the skilled technicians must come from Great Britain? We know that Walmsley has to build the machine, but how about the erection of the machine? How about the installation of the machine? How about the electrical work that goes on there? Does the British concept extend to include this as well? Does it mean that Newfoundlanders are going to be hewers of wood and drawers of water and nothing else, insofar as that construction is concerned? We do not know. There is only one way to know. And that is for there to be tabled in this House all of the documentation concerning the involvement of E.C.D.G.

MR. CROSBIE: As the law requires. That is required by the law.

MR. HICKMAN: Right. But this is what arouses the suspicion and the curiosity and sometimes the disenchantment of our people. And it is so simple. It is so easy to take care of that. Because all they want is information. If the fact is that the only way that Stephenville plant can be built is through an E.C.D.G. loan, and if it is a fact that under the E.C.D.G. agreements, and under the policy decisions of the Board of Trade in England, or whatever the appropriate department of government is, that all of this, all of the content has to be British, so be it, at least we know. We will not wasting our time, as happened on May 31st. when Canadian companies went looking for work, and said, "you have to be British". We will know then whether there is any point in some of our skilled tradesmen hoping to get employment in Stephenville or not. We will know that. And surely that is all this resolution is all about. You cannot read into this resolution a condemnation of industrial development. You cannot read into this resolution the fact that the proposer of it is dead set against industrial development in Newfoundland. But I think what you can read and the only interpretation that can be placed on this resolution is that if you are dealing with Newfoundland money, and with the Newfoundland people and if they are your partners, they are entitled to all of the information. And there is no information concerning this project that would be prejudicial to its success. Because, Mr. Chairman, when we decide on the embarkation of

MR. HICKMAN: the policy of industrial development or the announced policy of "develop or perish". Let us not forget that that policy is being implemented at the expense of other services in this Province. Just make no mistake about this. We cannot pledge \$53 million of the credit of the Province of Newfoundland to the building of a plant at Stephenville and build schools in Newfoundland at the same time. This cannot be done. You may get into a great philosophical argument, as to whether or not you are putting the cart before the horse, if you built the school first and the industry after. But let us make it clear that one has to wait and I know the hon. Minister of Education will be the first to agree that he is facing this year the worst crisis that he has had since he assumed office, either this time or the time before.

When you and I read today headlines in a publication that came out today, "The Newfoundland Gazette", that the Government is strangling education.

MR. CROSBIE: The Educators' Gazette.

MR. HICKMAN: The Educators' Gazette. And when we see the number of deficits that will be shown by consolidated school boards in Newfoundland this year, and when we see that schools that are needed cannot be built, it must appear quite clear to any Newfoundlander that the choice has been made, that the decision has been taken that Stephenville is coming first.

And I have heard the hon. Premier in this House talk time and time again saying, "what is the point in having your hospitals or your roads or your welfare or your schools, if the people have not got jobs?" But on the other side of the coin, are we going to say to those people, are we going to say to those young Newfoundlanders who are now approaching their teens, you were born at the wrong time. You became a teenager at the wrong time. You became a teenager in 1970, and that was a regretful time, a most unfortunate time for you to have reached that age, because that was the time Government had decided to develop Stephenville and not your educational process. But your children are going to benefit!

Well now we can stay here, Mr. Speaker, until doomsday, arguing as to which comes first, the hen or the egg. But what I do say is, that

MR. HICKMAN: presumably with this decision having now been taken, with the final documents having been signed, and with the Government in Newfoundland in effect having given a blank cheque to John Christopher Doyle by signing an open end guarantee, that no Government can evade its responsibility to see whatever monies are going to be spent there . will be spent properly and adequately, miserly, so that there will not be a nickle wasted, because every nickle we waste . is a nickle taken away from the school in Joe Batts Arm, make no mistake about that. And every nickle that is spent that should not be spent makes that operation less viable.

A mill such as the one in Manitoba that can be viable at \$80 million, is not necessarily viable at \$100 million or \$135 million. And if they had been prudent out there, they would not be faced with this crisis now. They would not be trying to cure problems after the fact. They would have done it in advance.

The obligation of the Province is clear and unambiguous. No doubt about it. But the alarming thing is that work has started and supervision has not been provided. And there is no indication that, that type of supervision is to be provided. Again on the question of information, this House should be told what the situation is with respect to the harvesting of the wood in Labrador. It is my understanding that this work is going to be done by fairly sophisticated machinery, that the day of the normal type of harvesting wood is coming to an end.

Now this machinery presumably has to be financed by someone, and I would assume that the machinery that is already in Labrador and it was delivered this year, indeed there was something carried in one of the Newfoundland papers, as to how it was being financed. I have forgotten the company, but it is a Canadian Finance Company. Now what this House should be told is what kind of security does the financial institution or institutions have on the harvesting equipment, that is being used in the harvesting of wood in Labrador which will be used by this mill? Because all of it, this mill is only as strong as its weakest link. If there is a default, under the harvesting agreement, of the financing of the harvesting machinery and the finance companies have the right, which I am sure they

MR. HICKMAN: would have to reposses, it is not simply taking \$10 million worth of equipment out of Labrador, they are tying it up, but the whole project grinds to a halt.

If the ships that are to be constructed or to be chartered are not firmly bound to this company, to be available whenever navigation is open, and there is a collapse in the shipping economics of this, then the whole project collapses again. If on the other hand, if take or pay contracts have not been signed for the production of this plant, and it is to be left to the whims of demand, the market, to be left to the whims of other entrepreneurs starting linerboard mills in other parts of North America where the wood is cheaper, and the fiber better, then again, Mr. Speaker, that would cause the collapse of the enterprise. This is why - what I would like to see in this House, and I think that any Newfoundlander is entitled to see that all of these four elements have been firmly and adequately secured to ensure that this is not a case of a mill building. Anyone can build a mill, give anyone, any hon. member of this House, whether he could drive a nail or not, \$120 million and he will build a mill. But it is the running of the mill, it is to see that all these integral parts have been so tied down, to see that the wood in Labrador cannot be pledged for any other purposes, to see that the timber holdings that now vest in either Mr. Doyle or Melville Forest Products can only be used for the supply of this mill, unless there is additional wood left over. and not, Mr. Speaker, to say that we have got lots of wood here this year or ten years or twenty years time. I would like to see the E. and B. Cowan study or the Forestall Report or whoever did the report to indicate what will be the requirements of not just this mill, but now we have been told of an expanded mill - what would be the wood requirements during the next twenty, thirty or forty years, which is the time it takes to reforest an area in Labrador. Maybe longer in Labrador.

Because, if, Mr. Speaker, the holdings in Labrador are such that every cord of wood will be required for that plant and the addition thereto

6806

MR. HICKMAN: during the term of this loan and thereafter, then obviously the promoters of this scheme have to be bound not to use that wood for any other purpose. This, Mr. Speaker, is the information that Newfoundlanders are entitled to, and this House is entitled to. And what this resolution should not be interpreted as, as a condemnation of economic development or some silly foolish rules like that, but rather a change of policy on the part of Government that we are prepared to take Newfoundlanders into our confidence, give them the facts, and let them decide whether we are right or wrong. It will be far too late, Mr. Speaker, if in two years time that plant is still not finished and the cry goes out for more money. It will be far too late then to say that we should have had appointed people to supervise the construction of this, but we did not do it. We tried one man he was not available.

Mr. Speaker, this House was given an assurance, as a result of your comments back in February or early March, that before this thing started there would be adequate supervision, enough competent people to supervise all aspects of this development, and all aspects of the Come-by-Chance development. So far all we know is that Stephenville has started and there is no supervision, and this obviously arouses the apprehension of any member of this House who has any concern for his Province.

MR. CURTIS: Just a minute, Mr. Speaker, my hon. friends want the floor, I am not disposed that they will have it exclusively. With respect to what the last speaker said, my hon. learned friend, I would like to say this; that when he left office he had appointed two learned council in St. John's to represent the Government. You were one of them, Mr. Speaker. And I was very happy to continue their engagement. And everything that the Government has done since that date, apart from the actual signing in London, was done after consultation with that committee. And it was wise that that committee was appointed because it provided a continuity, as my hon. friend knows he went out and I came in, and there is a gap and that committee was able to bridge that gap, and everything that the Government has done, had been in

MR. CURTIS: accordance with the Act that was passed, the Amendment that was passed and the Agreement that was entered into.

Now we have been hearing a lot of things about education, my hon. friend always gets into a schoolhouse, when he talks about something.

MR. HICKMAN: Before the hon. member gets underway - permit a question on the work of the committee. These agreements were apparently assigned November 19th. 1969, November 21st. 1969. Were these agreements, and there are the final agreements, the final changes, that were made in London shown to the lawyers who were appointed and retained by the Newfoundland Government before they were signed, and did they approve

MR. CURTIS: I am not sure, Mr. Speaker, I am not sure if the members did see the exact agreements. But the principles of the agreement had been accepted and had been adopted. It is true that they were not over in England at the signature, but they had approved the principles involved and everything that was done in London was done in the four corners of the agreements entered into here.

We are not now discussing making of these agreements. These agreements were authorized by the legislature in 1966, and they were amended again a year later. Everything we have done has been done within the four corners of these agreements.

Now it quite clear that we have got to get employment. There is no good having schools and expect to finance them, unless we have employment. And I know of no better employment in Newfoundland than plup and paper mills or a linerboard mill. I know of no better method of employment, I know no industry that employs more men. I know of no industry that employs more men profitably, than the pulp and paper industry. And it is our feeling that we have now organized an operation, a mill of which we will all be proud.

Now my hon. friend is laying great stress on the fact that we have not appointed a supervisor. I would suggest to him, Mr. Speaker, that perhaps it is a bit too early yet to appoint such a man. The machinery is

MR. CURTIS: being manufactured in England. It is being manufactured in England : by a firm of Walmsley who are probably the best paper mill manufacturers in the world. Walmsley are building the equipment. Another firm is going to build the mill at Stephenville. But they have not reached that stage yet. It is true some preparatory work is being done. But I would suggest that there is no urgency about getting these men.

MR. WELLS: They are underway at the moment spending money.

MR. CURTIS: Of course they are spending money. But you are not going to stand and appoint as my hon. friend says, twenty-five, thirty or forty men to sit down and watch them. There is hardly enough work in the plant yet.

The simple thing about this is that they, are, one of the biggest people in England are watching this, the E.C.D.G. are watching it, they are financing it. They are not depending entirely on our guarantee. They are financing this on its own merits. And I submit -

MR. WELLS: Why do they ask if we would guarantee completion, if they are doing that?

MR. CURTIS: Because it is a normal course for them to do, we are here, we control the land. We control the waters. We control things that could kill it, if we did not co-operate. And therefore they have to have our co-operation.

Now we have been told that the Government are callous, callous. You would almost think that you were standing by and watching a person die and you were just laughing at them. We are callous? If my hon. friend who introduced this Resolution today had furnished us at the same time with these questions, twenty-five of them, covering nine pages,

MR. WELLS: Most of them have been asked, and not yet answered on the Order Paper.

MR. CURTIS: But who but a fool would get up in this House today and be faced with this bunch of questions and give answers to them right of hand like that.

MR. CROSBIE: Most of them have been on the Order Paper for weeks.

MR. WELLS: For weeks on the Order Paper that have not been answered.

Most of those questions have been on the Order Paper

MR. CURTIS: I would like it to be a little more definite. I know there are not that many on it.

MR. WELLS: Well most of them are.

MR. CURTIS: Twenty-five questions, a lot of them double-barrelled, four-barrelled, five-barrelled, nine pages of them. They have never been asked.

MR. WELLS: They were on the Order Paper.

MR. CURTIS: And they would have been answered, if they were asked. What is the good of getting up and asking them now. Nobody but a fool would answer offhand a series of questions like that, and then be told tomorrow that we made a mistake on this and we made a mistake on that, of course we make errors. If these questions had been given to us yesterday when John Doyle was here, and when my hon. friend was talking to him, if he had to ask John Doyle these questions, he would have had answered them there and then. And he could have had answered them. But to ask us today to answer these questions, it is silly. I do not think my hon. friend wanted an answer.

MR. WELLS: Would the hon. minister permit a question? Would he tell the House why the questions on the Order Paper, perhaps all of them are not on the Order Paper, but why the ones that are on the Order Paper and have been for weeks have not been answered? Tell us that.

MR. CURTIS: As those questions

Mr. Curtis.

As those questions, Mr. Speaker, were not directed to me, I really cannot say why they were not answered - if they were not answered. There is nothing, Mr. Speaker, to hide in this whole thing. The agreement was made pursuant to legislation passed by this House. The agreements made were within the four corners of that agreement and let us hope, Mr. Speaker, that we will be successful in this enterprise.

MR. WELLS: I hope so.

MR. CURTIS: People are not always successful. Remember when the Corner Brook Enterprise started first, it was a failure. They had to reorganize. They had to renegotiate. People do make mistakes. The only place, as far as I know, was in the Grand Falls mill, I have not heard anything of any mistake there. I do not know what the reason was, Mr. Speaker, but they were the only ones, as far as I know, that did not make some mistake. But the Bowaters plant did - the people who planned that first who by the way were an engineering firm - who were munition manufacturers and they made a mess of it..

MR. WELLS: It was not even intended to be pulp and paper first. It was a chemical fertilizer, a hydro-electric company.

MR. SMALLWOOD: Not so.

MR. WELLS: That was the original purpose...

MR. CURTIS: 1913-1914.

MR. SMALLWOOD: That died twenty years before the mill was built.

MR. WELLS: The 1915 agreement had those words in it and were subsequently taken out in 1929.

MR. SMALLWOOD: Yes.

MR. WELLS: That is right.

MR. CURTIS: Well if there is...

MR. WELLS: When the rights were given first they had the rights on the Churchill River.

MR. CURTIS: However, I am not interested in that now. I am just showing that they did not make any big mistake that we know of, but we know the other people did and we have done the best to protect ourselves against mistakes, and we are relying heavily upon E and B Cowan. We are relying heavily on ECGD and we know that the contracts had been given to the best - some of the best firms in England.

MR. HICKMAN: What is the name of that marketing outfit in Austria?

MR. SMALLWOOD: Heintzel

MR. CURTIS: Rauma Repola or something like that.

MR. HICKMAN: No that is Finland.

MR. SMALLWOOD: That is Finland. They make the wood harvesting.

MR. CURTIS: They are the ones ..

MR. SMALLWOOD: No, Heintzel in Vienna.

MR. CURTIS: Yes.

MR. SMALLWOOD: Rauma Repola in Finland are making and financing the wood harvesting.

MR. CURTIS: My hon. friend cannot understand why the change was made in shipping chips to pulp wood.

MR. WELLS: I cannot understand the claim.

MR. CURTIS: The position was made quite clear by Mr. Doyle yesterday.

MR. WELLS: No, not quite clear.

MR. CURTIS: When some years ago we had Crown Zellerback here talking about shipping wood to Newfoundland to be turned into pulp and paper, they went into the chipping business, and they even considered for a while having a pipeline from the Labrador under the Straits of Belle Isle right down through Newfoundland to Bay d'Espoir and they were going to transfer all their chips by pipeline. Now it was found that chips occupied far too much space and as my hon. friend knows cargo is based by area and not by weight. The result is this and my hon. friend can carry a bag of shavings on his back but he would be surprised how small the log was that created all those shavings. I do not know what the figures were. Mr. Doyle gave them to

June 10th., 1970 Tape no 1210

Mr. Curtis,

him yesterday in my presence, whether he said it was twice as much or three times as much I do not know. But by shipping the wood in the form of logs, these logs take less space. They would be transported more cheaply and consequently they can be delivered. I am pretty sure that my hon. friend heard because we were discussing the ..

MR. WELLS: Just for a minute, if he will allow me.

MR. CURTIS: Yes.

MR. WELLS: What he did say was the basic principle - the space, as the minister just said, the space required to ship a log, chipped up into chips is greater than the space required to ship the log itself. Okay, that makes sense. What I was talking about here today was the E and B Cowan Report that talks about the per cunit price and this is what I asked the Premier to explain. What are we talking about, Apples or oranges? We cannot compare apples with oranges. We can either compare solid apples or mushed apples with mushed apples but you cannot compare apples and oranges. Let us get the figures right. Mr. Doyle was talking about \$7.30 a cunit yesterday.

MR. CURTIS: My hon. friend - if the change is being made to ship wood instead of chips E and B. Cowan have sanctioned it and have recommended it and that it is a proper and worthwhile change.

Now I understand from Mr. Doyle that there is no agreement made about electricity, as yet.

MR. WELLS: No what?

MR. CURTIS: No agreement made as to the price of electricity. That is my understanding of what he said to us yesterday.

MR. WELLS: That is what he said.

MR. CURTIS: Yes. I understand further that - I cannot read my own writing. One thing Mr. Doyle has proven and that is that wood harvesting in Labrador is practical. Now where there have been a number of people cutting

Mr. Curtis.

wood on Labrador and in no case or perhaps one case, has that wood cutting been successful..

MR. WELLS: He is cutting on the coast at the moment - not inland. He is not taking a combination of his high and low cost wood. He is in effect high-grading at the moment.

MR. CURTIS: He is, at the moment, high-grading, because he is experimenting and he is trying to break in crews and get ready, but I think it is a wonderful thing for Newfoundland to feel that at last we have reached the stage when wood on Labrador can be harvested and brought to Newfoundland to be manufactured.

We are told that we are taking all the chances. That is not so. We have had assigned to us, as my hon. friends know, some \$26, \$27, \$28 million due to Javelin by the Wabush people. That has been assigned - assigned it as an order. It has been cleared by the lawyers. Everything is in good shape and we have that and that is a very substantial investment to protect the Newfoundland Government and to the Newfoundland people.

MR. CROSBIE: As I have said - has this been clarified by the lawyers?

MR. CURTIS: Well I will tell you now that it has been.

MR. WELLS: Well now we know. We did not before.

MR. CURTIS: I think my hon. friends would - I did not know that any of these questions had been asked or that some of them had not been answered, because if these questions had been given us yesterday - if my hon. friend had had them when Mr. Doyle was here yesterday, they could have been answered of the bat. But to turn around now and say we are callous, because we do not answer everything of the bat..

MR. WELLS: I never saw some of the agreements until this afternoon at 3:30.

MR. CURTIS: I beg your pardon.

MR. WELLS: Some of those agreements - I have not looked through yet.

MR. CURTIS: I submit, Mr. Speaker, that we have filed with this - with the Clerk of the House all the documents which we are required to file under the legislation..

MR. WELLS: I say the Government have not.

MR. CURTIS: Now that does not mean that every document that is in this book has to be filed. These are contracts between Javelin and Walmsley and the other people. The only documents we have undertaken to file and that we should file are documents which we as a Government have signed in pursuance to that legislation.

MR. WELLS: But the Government have signed letters agreeing to guarantee what is in other agreements.

MR. CURTIS: I have already told my hon. friend that if he will show us or will indicate to us the agreement he wants to see, we will show it to him.

MR. WELLS: It should be tabled.

MR. CURTIS: I do not think it necessary that we table it.

MR. WELLS: It has to be.

MR. CURTIS: No, it has not.

MR. WELLS: The Act calls for it.

MR. CURTIS: No, it does not. We will carry out to the letter the terms of the legislation and the legislation says that any agreements that are executed in pursuance of this legislation should be tabled, and they have been and if they are not, it has been an oversight. Hon. friends must remember that the documents that were filed were filed in a hurry . I had overlooked the fact that they had to be filed and it is possible that one of them may have been missed out. But there is nothing intentional about it and any document that should be filed and that my hon. friends say should be filed, if they satisfy me that they should be filed they will be filed. I do not think I need to add any more. I think the whole motion, of course, coming up at the end of the session like this, is a bit of a joke, to appoint a committee now, to report to this

MR. WELLS: Motion has been on the Order Paper for weeks and weeks.

MR. CURTIS: What can the committee do? What can the committee do? Who wasted all the time when we were ..?

MR. WELLS: The Government spoke most of the time.

MR. CURTIS: The Opposition wasted all the time. This motion should have come up earlier. But now that it has come up, let us hope that it will be disposed of once and for all. I might say that as far as the Government are concerned, we are prepared to answer any and all questions about this thing.

MR. WELLS: Well answer...

MR. CURTIS: We are not going to answer those off hand. It would take a week to answer those. It would take more.

MR. CROSBIE: Next week then.

MR. CURTIS: So, I see no alternative but to oppose your motion.

MR. HICKMAN: Do I understand from the hon. minister that one of his reasons for opposing this motion now is that he feels that in this stage of the session that the appointment of a select committee.

MR. SMALLWOOD: Is this a ^{second} speech now? Mr. Speaker, the hon. gentleman has already..

MR. SPEAKER: Order please! I was not in the Chair this afternoon..

MR. SMALLWOOD: Yes, he spoke.

MR. SPEAKER: The hon. member has spoken?

MR. SMALLWOOD: He has spoken for one hour.

MR. CURTIS: If I may answer that question..

MR. SPEAKER: The hon. gentleman may only make one speech.

MR. HICKMAN: I am not making a speech. I am asking the hon. Minister of Justice a question.

MR. CURTIS: Mr. Speaker, the mover of the resolution himself said it was foolish to move it now. It was too late to move it now. There was no time for the committee to meet now and, therefore, why he did not withdraw the resolution, I do not know.

MR. CROSBIE. And I went on and I said that ...

MR. SPEAKER: Order please! Order please!

MR. CROSBIE: the committee should be empowered to meet outside the House.

MR. NOEL: Mr. Speaker, in connection with this whole matter I would just like to say a few words. The first thing I would like to say is: I think the project can be divided into a number of different parts and one part is getting the mill organized and built. The other part is the financing. The other part is the operation of it and so on.

Now the Government have gone to the stage where it has arranged for the mill to be built, and I think I am quite content to see a paper mill to produce a 1,000 tons of paper a day at Stephenville. I think that I would be quite content to see that. I think it would be a wonderful thing, if it is done and I think all hon. members would be content to see that. I would also like to say that there is no real problem in getting the mill built at Stephenville to produce that 1,000 tons a paper a day, if somebody is prepared to pay for it. There is not much problem there either. But now it becomes difficult for somebody to pay for it, and this is generally the place where these projects fall down. Anybody can think of what a nice thing it is to have but it is getting somebody to pay for it which is the real problem.

Now to get somebody to pay for this particular mill here, you have to prove first of all that the mill is going to be a workable proposition, because nobody wants to get tangled up in a project that is going to end up in a fiasco; particularly, if they have \$120 million or \$130 million into it. So, when Melville went out to raise this money to put that mill there, I presume they were not talking to fool, at least I would like to be that kind of a fool that had \$120 million to invest. I mean, it seems to me that these people must be pretty careful over their cash otherwise they

Mr. Noel.

long since would have lost it and Melville was able to persuade these people that they would not be throwing their money away, if they invested the money in this project at Stephenville, and they did so presumably on the basis of E and B Cowan's Report and on the basis of the timber licences and the timber resources and the labour resources and the availability of water and power and labour and the whole shooting match like that.

But I would like to point out that, although these people did agree to put their money into this project and that should give us a certain amount of encouragement, the fact remains that we are the pickup man, when it comes to loses in the event of a default. All these people will stand ahead of us in the event of a default. This means to say that although nobody lends money in the hope or even with the remotest idea or even the possibility of having to go into foreclosures or get tangled up in some way like that, we do have to look forward, I think, if we are going to be responsible - if we are going to show some degree of responsibility in this thing. We do have to look forward to the possibility that we might have to pick this thing up. Now it does not mean picking up \$120 million, as my friend said across the way, because it would only be the balance that we would have to pick up. It would be the default amount that we would have to pick up. It would not be the full total and to say that you are responsible for \$120 million, would assume that there was nothing at all done. But there would be some pick up there..

MR. HICKMAN: No! No!

MR. NOEL: There could be some pick up there.

I do not see that. Even having to pick something up or the possibility of that would not frighten me. I must say I think I have had enough go to go ahead and put that mill there even though I thought I might have to

Mr. Noel.

pick something up on the tail end of it, because as I see it, it is one of those things that a Government have to do. You have to provide employment. You have to make use of your natural resources and if you are going to wait for certainty, if you are going to wait until there is no chance at all, then, of course, you just do nothing.

I would like to reiterate that I am perfectly content with the situation as it is but with one exception - with one exception. I do not agree that the time has not come to supervise this project. I do not agree with that at all. I think the time has long since passed to supervise the project. I think that the contracts relating to this project are so interwoven, and I think the position of the Government is protected in such various and intricate ways that the protections that are worked into these agreements and that the way they interlock will require somebody to be thoroughly familiar with every clause and sentence in everyone of those agreements. It is not just a case of putting out one or two clauses and saying, there is our protection. This whole thing hangs together like a spider's web and there must be - my hon. friend the President of the Council said how glad he was to have continuity during the recent disturbances. That will be nothing - his joy of having continuity there will be nothing to the joy of the Minister of Economic Development of this Province if he has continuity in this project.

Now as I see it this project is not going to be finished in one year, two years, three years or four years. This project is going to have to be built. It is going to have to be run in. It is going to have to be operated and eventually the debts have to be paid off and this is going to take a period of years and for all that time, the Government of this Province will be involved. I would say that there is nothing more important

Mr. Noel.

in this Province today, and I mean that - nothing more important from the point of view of dollars and cents, Mr. Speaker, and from the point of view of our investment - this is the biggest project that this Province has ever taken on. This is bigger than Churchill Falls as far as the Province's involvement is concerned. It is bigger than Wabush and Labrador insofar as the Province's involvement is concerned. When we think of the money that we are guaranteeing here - that the size of this project - these secondary industries that were started a few years ago, are only peanuts compared with it.

We are going in here now to a project for at least \$120 million and it is not going to be finished in a day or a week or a month or a year. It is going to take years and it is absolutely essential that somewhere within Government there must be continuity and there must be somebody sitting there watching all these checks and balances and making sure that this thing works itself out. Because if this Government are called upon to step in and it could be for anything - let us not think it could be because the thing is badly planned, it could be because of a fire. It could be because of war, because of riots or wars or insurrection. It could be because of strikes. It could be because of general world depression. It could be for anyone of a variety of reasons which could afflict the most soundly based project. These things can happen and have happened and if we are ever obliged to step in on this project and we have to reorganize it, it would be nice to be able to go to the people who are going to take it over and say to them; "we have a mill here that you can take over." Have them come in and look at it and say; "well you do have a mill there and there is no doubt about that. That is a wonderful mill you have. It is right up to standard. It has the best of equipment. Everything has been done according to plan. There has been no short-changing. You never bought a ten horse power engine instead of a hundred horse power engine. This place is built to design. Everything has been done in first-class order. All the accounting and everything else has

June 10th., 1970 Tape no 1210 Page 11

Mr. Noel.

been kept in stream-line condition. This is a perfect operation and it is worth what you paid for it."

MR. NOEL:

Now if we were told that even though we had to take a loss, even though in order to get somebody else to operate it we had to reduce their capital setup, if we had to give them a write off in capital in order to make this mill viable, there would be no harm in that. It would be^a perfectly justifiable thing if this mill would cost \$120. million and in eight or nine years you found you had to refinance this thing and you had to make a capital write off. Why not? It would be at least one-third of the pulp and paper industry of this country if not greater and the amount of money flowing in is relatively perfect. So from that point of view why not? But if somebody comes in to look at that mill or when this thing is finished we get into it and we find that for our \$120. million we got \$80. million and on top of that we do not know where the \$80. million is and we are faced with a fiasco and we have to pay \$120. million for something that is worth \$80. million and that we have to write down to \$50. million in order to get somebody to take it over, well now that is a catastrophe. It would really be a very damaging blow to this Province, not to speak of the damaging blow to the ego of those who take such pride in having promoted the projects.

So it does seem to me, I have raised it in the House before and I think myself that it is absolutely essential that some organization be set up to maintain continuity and detail control of this project and to be right on top. Now I am not suggesting for one moment that we need fifty or sixty engineers and 120 accountants or anything like that. We need first of all someone who is responsible, an organization that will be responsible, that organization, that corporation, that commission, that crown corporation, that organism that may already exist in the Government, the Department of Economic Development, if you like if they will get the staff to do it, they will tell you how much staff they need as the thing goes on and on and on. At some times in the thing they probably just need a file clerk and an engineer or something of that nature and an accountant and perhaps somebody to keep the thing in order. As it builds up they may need field workers, inspectors and things of that nature and it will build up and taper off and the Department of Justice will have to have a man seconded to it to look after the legal angles on it.

MR. NOEL:

In addition to that I believe you will find that in these contracts ^{part} that, of this at least if not all has to be paid for by the project. Part of this supervision, I believe, is covered there somewhere, is chargeable up to the project and it seems to me it would be a disgraceful thing, an absolutely disgraceful thing if the Province allows this thing to go any further without having somebody who can keep them fully informed and who can guarantee them at any time that everything is A-1 with this project. I think that if that could be done, if the Minister of Economic Development could assure the House that arrangements will be made or have been made, that at any time the Government will know exactly where this project stands and be able to say with absolute definity that this project is okay, we know exactly where we are with it then I think all our burdens would be lifted.

I think what we are afraid of is that we are going to get into this thing and somebody come in and try to pick it up in the middle and we will never really have any satisfactory control over the project. I do believe that the time has come for this control organization to be set up and for some announcement to be made to satisfy the public on it.

MR. SMALLWOOD: Before the hon. gentleman sits down, will he yield a moment to let me tell him that we are in course of obtaining a firm to do that very work. We are in course of doing that.

MR. NOEL: Well, Mr. Speaker, I must say I am delighted to hear it and I really think that this is - I read in the paper the other day that there was trouble over at Stephenville because it was being alleged that Melville was not sticking to its contract in hiring local people. When I read that in the paper and it dawned on me that this project was underway and that men were actually being hired at Stephenville and I had not heard any announcement of the manner in which Government intends to exercise control over the project it gave me some cause for alarm because that is the type of thing that this organization would pick up just like that.

MR. CROSBIE: Would the hon. member permit me? That was one of the questions that were raised at the beginning of this discussion today. The hon. member must have heard that but no answer was forthcoming from the hon. the Premier

MR. CROSBIE:

as to whether this was going to be done or what was going to be done and the agreements called for it.

MR. NOEL: Mr. Speaker, I must say in passing that with that part of what my hon. friend, the member for St. John's West had to say I agree but I must say that this long string of questions left me a little cold because -

MR. CROSBIE: Because you are involved in it.

MR. NOEL: No, not necessarily because you can go as far as you like with questions you see. You can start of with first of all question (a) who is putting up the \$120. million and then you can get down to question 7,645, what colour are the doorknobs going to be on the privy, you know and you can take your questions everywhere in between. The hon. member has put in nine pages of questions. Anybody can sit down and write out fifty-nine pages of questions or 590 pages of questions on this project. I think the hon. gentleman overlooked one - I think it is his approach to the problems. The way I approach this problem is this, is that this House has approved in principal this project. This House has passed the statute within the confines of which this project is to go forward. The Government has signed the contracts, you see.

Now information is alright in a theoretical sort of way but when you say information, once the public have been told generally the outline of the project and the cost of it and so on, you can get into as many questions as you want to then. But I do feel that what the hon. gentleman had to say about supervision was very much to the point.

MR. MURPHY: Mr. Speaker -

MR. SMALLWOOD: This is a matter to be determined, are we going to change our mind or not? Let him move his motion.

MR. MURPHY: Beg your pardon! Can I not have a word, can I not have a word on this too as well as anybody else.

MR. SMALLWOOD: If the hon. gentleman wants to speak I am happy, I will stay until 11 o'clock if you want to meet tonight.

MR. MURPHY: Would the Premier please inform me, will who move what motion? What motion is going to be moved? How do I know, I am not a mind reader. God

MR. MURPHY:

help us, I am only a human being.

MR. SMALLWOOD: Would the hon. gentleman please sit down a moment?

MR. MURPHY: No, just a minute now.

MR. CURTIS: At 6 o'clock, Mr. Speaker, the Speaker must leave the Chair unless we move to the contrary.

MR. MURPHY: That is right. Well, I am going to say it is 6 o'clock. Has it not been said here every day - ?

MR. SMALLWOOD: There are two speeches yet, yours and his.

MR. MURPHY: Yes, so what?

MR. SMALLWOOD: Well, alright so do not adjourn at six.

MR. WELLS: The Speaker leaves until tomorrow morning.

MR. SMALLWOOD: No he does not.

MR. CURTIS: No he does not.

MR. WELLS: Yes he does. I moved here in this House every day, every Wednesday, a motion that we sit Wednesday nights and I am defeated every time.

MR. ROWE: Mr. Speaker, I move that the House do not adjourn at 6 o'clock but that we do adjourn before 6:30 P.M. and that on adjourning the House shall reassemble at 10:30 A.M. tomorrow morning.

MR. MURPHY: It is agreeable to me, I am leaving here 6 o'clock, as far as I am concerned.

MR. SMALLWOOD: Half and hour, thirty-five minutes, two speakers.

MR. MURPHY: Yes, so what?

MR. SMALLWOOD: Two speeches.

MR. MURPHY: Two speeches for who?

MR. SPEAKER: The motion before the Chair is that this House do not adjourn at 6 o'clock but at 6:30 P.M. the Speaker leave the Chair until tomorrow Thursday at 10:30 o'clock. Is the House ready for the question?
Carried.

MR. MURPHY: Before the motion is put, Mr. Speaker, I want to be done the courtesy here. On two occasions I rose in this hon. House to make a request to the Leader of this House on a matter of tomorrow closing this House and I had to hear it today over VOCM that the House will open tomorrow. Is that

MR. MURPHY:

courtesy to a member of this House? I do not think so.

MR. SMALLWOOD: Why should we open tomorrow?

MR. MURPHY: I could have been answered that we would not instead of hearing it over radio station or television stations.

MR. SMALLWOOD: It is normal that we are open tomorrow, perfectly normal.

MR. MURPHY: Mr. Speaker, I made a request specially because there was a by-election on concerning some people in this House and I did not have the courtesy of receiving an answer only to listen to the radio station today and hear the Premier say, "No, the House will open as usual." I think I am done the courtesy of someone saying to me, "No, we are meeting as usual" instead of this great thing, "The House must go on, the business must go on", a lot of bologna.

MR. CURTIS: Mr. Speaker, I did intend to make the announcement today when we met.

MR. MURPHY: Now, Mr. Speaker, look I stood up to say a few words and I was done the discourtesy of being sat down and someone else speak in my place. I had something to add to this debate.

MR. SPEAKER: The hon. member may continue.

MR. SMALLWOOD: Go ahead.

MR. MURPHY: But I cannot now -

MR. SMALLWOOD: Why not?

MR. MURPHY: Because this motion could not have been made if I had to speak in my turn.

MR. SMALLWOOD: The House is here until 6:30 P.M., go ahead.

MR. MURPHY: Who said it is here until 6:30 P.M., Mr. Speaker, because I am only staying until 6:00 P.M.

MR. SMALLWOOD: Do not be so childish.

MR. SPEAKER: Is the House ready for the question?

MR. SMALLWOOD: The question was put and passed.

MR. CROSBIE: Mr. Speaker, I want to say a few words in the closing debate if nobody else wants to speak.

MR. SPEAKER: (Inaudible).

MR. CROSBIE: Yes, this is the motion on this. Now, Mr. Speaker, in reply, I made it quite clear when I opened this debate and I make it quite clear again that the Melville Pulp and Paper project and the Legislation that was passed in 1967 and 68 went through this House, as I remember, unanimously and that is still the position. This is not a motion as to whether the Melville Pulp and Paper project should be done or should not be done. That was all settled two or three years ago and I made it clear then. The point is not whether the project should be carried out or whether it should start or finish or anything else. Everyone in this House has approved and agreed with that.

What this motion is about is the lack of information about a project which is so important to this Province. That is what the motion is about and in the debate I ask certain questions. Now those questions, Mr. Speaker, some of them have been on the Order Paper for eight weeks. The motion itself went on the Order Paper in March, March 9th or 10th, so the Government knew about the motion three months ago. There are questions on the Order Paper, (274) - loans with reference to Melville; (275) - feasibility study; (276) - about the principal agreement; (366) - about the bulk carriers; (367) - whether there is an ADA grant for the Melville project or not. Those are some of the questions that have been on the Order Paper for weeks about this project and not answered, ask to the Minister of Economic Development to the Premier, naturally, he is in charge and responsible for the project, his Department, not answered yet.

Today I ask altogether about twenty-five general questions about the project. This is the kind of information we would like to receive, We got a drib here and a drab there and that is all. Now these questions are not complicated. The hon. the President of the Council tries to pretend the very complicated situation of these questions and they were not at all. One question was who are the Government Directors, are they appointed to Melville Pulp and Paper and to their Board, the two Government Directors, are they appointed? The Government must know that. Nothing could be simpler. Yes or no. What are their names? Who are these people who are supposed to protect us? That was not answered today, it was not answered at all. We ask a question

MR. CROSBIE:

about how much is the project now going to cost after the change of the last two years, could we have a breakdown on that? The Government must have that. That was not answered. Are we not entitled to that information? Then there was a question about the borrowing and the cost of the borrowing, that was not complicated. The question about electric power the President of the Council has now answered. He says that there is no agreement yet with Mr. Doyle about the cost at which power will be sold to the project. So that was one bit of information and that was not a complicated question. That certainly was not complicated.

Then I ask a question, have lawyers for the Government verified that Canadian Javelin can assign the \$26. million due them and everything is in order? Nothing difficult about that. The President of the Council has now suggested they have verified it and everything is in order. I ask about these contracts that are not filed. In our opinion and in my opinion as a lawyer the Melville Act that has been passed requires under section (4) that all agreements entered into in connection with this project be tabled. Section (4): every agreement, trust, deed and so on, undertaking whatsoever, entered into, executed and delivered pursuant to this Act, and all of the agreements that the President of the Council has mentioned are pursuant to the Act. They are all involved with the Government's guarantees, with the Government giving Lazard Brothers a guarantee, Rauma-Repola a guarantee, Walmsley a guarantee, everyone of those agreements, McAlpine a guarantee. They are all agreements under the Act and they should all be tabled but they have not been tabled.

In our view the Government is in defiance of the law of the land and they are still not tabled but the hon. President says he will let us look at them if we like. That is a different matter (and discuss with them) which should be tabled. Well, fair enough. When time permits we can do that. We ask about a marketing contract. I ask is there now a marketing contract and the Premier gave us the name of the agent over in Europe, Mr. Heintzel and Company, but he has not answered the question, Are there take and pay contracts for the production of the mill? That is a simple question. Either there are take and pay contracts which give security at a certain price that covers all

MR. CROSBIE:

the expenses or there are not. The hon. member for St. John's North gets on with a lot of tripe and foolishness. You can ask 7,000 questions he says. What absolute bunkum. There were twenty-five sensible questions asked about this agreement among them; is there a marketing contract entered into, and the member for St. John's North makes light of it that anybody could sit down. Could anybody sit down? I did not see the hon. member for St. John's North sit down and figure out some questions to ask and nobody can sit down and ask these questions unless they take the time and trouble to study the whole thing and they are concerned about it.

Marketing contract, is there a marketing contract? We do not have the answer to that. We know that there is a firm, W. H. Heintzel and Company in Vienna who are marketing the linerboard production. We do not know, we are not told, is there a contract, take and pay contract that gives some security as far as marketing is concerned? That was not answered. The Premier answered nothing. The Premier was his usual contemptuous self as far as answering any questions was concerned. We ask about the construction of ships and we got a bit of information on that. That is not a complicated question. Who are the Government Directors? What is the secret involved in the names of the Government Directors? We are supposed to have two Government Directors protecting our interest on those companies and why are they not appointed and if they are why the secret? Is that a trash question? Is that one of 7,000 idle questions somebody might think up, who the Government Directors are? The hon. member for St. John's North is concerned is he about inspection and the rest of it and he implies that asking a question, who are the Government Directors is not part of it.

MR. SMALLWOOD: You should never open your mouth you know, you can see that.

MR. CROSBIE: The hon. Premier certainly is taking that advice. He never opens his mouth to give up any information in this House.

MR. SMALLWOOD: How dare you contradict him.

MR. CROSBIE: Not a scrap of information from the hon. the Premier. It is just as well he did not open his mouth as he spoke today and told us nothing as is his usual approach on a question that involves a credit of this Province,

MR. CROSBIE:

\$120. million. That was another question that is not very difficult. One of the questions we ask was who was the engineer appointed and who were the chartered accountants appointed that are supposed to act on our behalf and go into the accounts? That is not answered today. Was that too difficult to answer? Did the Government need ten months notice of that, have we got chartered accountants appointed on our behalf, have we got an engineer appointed? That is not answered.

The water supply system, the Premier refused to answer that until later on when the member for Humber East spoke then he answered that and said that it is going to be built by the Government of Canada and he has not said what it is going to cost. Who is the chairman of the three man committee that controls the voting control of Canadian Javelin? Is that unimportant? Is that a silly question? Ripley's "Believe It Or Not" or a thousand and one questions. Dennis Groom has resigned, who has replaced him? That is not answered. Was ten months notice needed for that as there is a question on the Order Paper of the same effect.

What about the fish plant at Stephenville, does that have to be moved and at whose cost? Is that a complicated question, is it a foolish question, is it a trash question? It will not be trash when that fish plant has to be moved or it will spoil the production of the plant and it will cost us a couple of hundred thousand to move it. That is not answered. Who are the two people who have the certified payments from these guaranteed loans to Melville that are supposed to be approved by the Government for the project, who are those two? We are not given the answer to that. Is that complicated, is that top secret? Do you have to be in the OSS to find that out? We are not given their names.

MR. SMALLWOOD: His humility is overpowering.

MR. CROSBIE: Humility, the lack of information is overpowering. Who are the two people?

MR. SMALLWOOD: Listen to the tone. The humble, contrite, humble man.

MR. CROSBIE: The hon. Uriah Heep, Premier of the Province, try and pretend to be humble. Well, his speech was certainly humble as far as information was

MR. CROSBIE:

concerned, there was none in it. It was as humble as could be, the most humble one we have heard him make this session. Two people have to certify all payments from these guaranteed loans, are we not entitled to have their names? Who are these two people approved by the Government? No, the Government cannot answer it, will not answer. That is a complicated question, chartered accountants who were they?

Enforcement and inspection, what people have been appointed? That is agreed on both sides of the House that should be done, it is essential. Oh, there is some firm being approached about that and construction started at Stephenville last fall. The smoke was bellowing last fall, billowing and bellowing. There has been construction work underway since November and yet there is nobody appointed on behalf of the Government to look into the enforcement and to see the whole thing is going as it should. These are all very complicated questions. These were certainly, they were certainly complicated. Why were not the documents filed? The Minister does not believe they should be. I gave the cost the last time we were told the cost, \$98. million plus working capital. There is no information on that.

ADA grant, is there an ADA grant of \$5. million from the Government of Canada or is there not? The question has been on the Order Paper for ten weeks. Did anymore notice need to be given to that, Mr. Speaker. That is yes or no. Either yes there is an ADA grant or no there is no ADA grant and the Premier will not give that information. No information. There are people that will be appointed to enforce this and inspect it and who will have just about as much information as this House has given if it runs through the form from what I saw when I was in the Government and that is nil. It is a waste of time having anyone inspect it if the will is not at the top to have the thing inspected and enforced and it is not there. ADA grant, that was a complicated one and we still have not heard about that.

The wood transportation cost, the Premier gets up and says that \$5.30 is the new cost per cunit to deliver wood from Happy Valley to Stephenville and this is a reduction in cost. Here is the Melville report, the original one and what does it show. Transportation cost of wood chips \$3.00

MR. CROSBIE:

per cunit from Happy Valley to Stephenville. Now, Mr. Speaker, is \$3.00 less than \$5.30 or is \$5.30 less than \$3.00? As far as I know in mathematics \$5.30 per cord is more expensive than \$3.00 per cord and the Premier had no answer. Why not? He did not know that the original figure was \$3.00 presumably. It is \$5.30 now.

We ask about Peat-Marwick's report, have they ever reported on the financial feasibility and that was not answered. That was not a very difficult one. Well, that the sum and substance of the other questions, not 1,000, not 7,000 just twenty or twenty-five general questions as to what the status of this project is. No-one arguing against the project as we have all approved it before but just asking for a progress report. What is the situation now? We did not get it. We got little snippets when it was forced out. It is a pity, it is an awful pity that you cannot even get information from the Government and then the Government feels aggrieved and afflicted when people say that the Government is not giving out information.

The Premier thought my speech contained some curiosities. Yes, some curiosities alright. An eloquent speech about nothing he said, Mr. Speaker, about nothing. No, just about a \$120. million linerboard project that we want to have some basic information on that the Premier will not give. The lawyers appointed by the Newfoundland Government, the member for St. John's North and Mr. John O'Neil, the President of the Council, was unable to say that they had approved these London agreements before they had been signed, why did we have lawyers appointed to advise us if they did not review and approve all those agreements before they were signed? That is an interesting question. They are relying on ECGD. Well, ECGD is relying on us. While we are relying on ECGD, the English Export Credit Department they are relying on us because they have our guarantee. So how can we rely on ECGD. The buck ends with us, not with ECGD. If they suffer any losses they come to the Newfoundland Government. There it is, Mr. Speaker, and as far as this motion is concerned a Select-Committee could be authorized to sit when the House is not in session if the House felt that the motion should be passed. The motion should be passed because the Government has not in this debate given us just the basic,

MR CROSBIE:

elementary information asked for, information not damaging to the project in any way, to reassure the House, to bring us up to date, to give us information that has not been clarified since 1968.

That is all the Motion asks for. But we know what way it will be voted on: "We will not give them the information this afternoon and this motion will not be passed"- So be it!

MR SPEAKER: The motion is that this Resolution now carry:

I declare the motion lost.

On motion the House at its rising adjourned until tomorrow, Thursday, June 11, 1970, at 10:30 A.M.