



PROVINCE OF NEWFOUNDLAND

**THIRTY-SEVENTH GENERAL ASSEMBLY
OF
NEWFOUNDLAND**

Volume 1

1st. Session

Number 18

VERBATIM REPORT

TUESDAY, DECEMBER 16, 1975

SPEAKER; THE HONOURABLE GERALD RYAN OTTENHEIMER

The House met at 3:00 P.M.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please!

STATEMENTS BY MINISTERS

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

MR. E. MAYNARD: In May 1973 the then Minister of Manpower and Industrial Relations appointed an Industrial Inquiry Commission to investigate the industrial dispute between the American Smelting and Refining Company, Buchans Unit, and the United Steelworkers of America, Local 5457. Professor Howard Dyer was named as sole commissioner and was assigned a double task: (1) To attempt to resolve the industrial dispute at that time; (2) To enquire into the employment prospects at the mine in Buchans in the immediate and foreseeable future with particular reference to the life expectancy of the mining operation in its present form or any modification thereof.

In the second part of Professor Dyer's report of the industrial dispute it is stated that the approximate life expectancy of the mining operation is six years - in other words, 1979.

The statement was based on the then known reserves of 1,894,000 tons of ore being mined at a rate of extraction of approximately 300,000 tons per year. In the concluding pages of the report, Professor Dyer recommended to government that a committee be established to study the various aspects of the problems associated with the closing of the mines.

In April, 1975 the government appointed the Buchans Task Force whose terms of reference were as follows: "To Assess the future viability of the Town of Buchans by identification and analysis of the various socio-economic factors which will be influenced by a phase out of the mines and to conduct a systematic study into those socio-economic conditions, physical assets, and to make recommendations to government as to possible policy alternatives which would secure the future of the town".

Mr. Maynard:

The Task Force and its seven sub-committees have been meeting regularly since being established. However, very early in its deliberations the Task Force realized that the question of local government - a question that is not directly related to the closing of the mines - should be pursued immediately by the Department of Municipal Affairs and Housing. As most people are aware Buchans is a company town with ASARCO supplying all municipal services and controlling most of the housing units in the town. Notwithstanding the other apparent problems associated with the closing of the mines, the Task Force recommended to government that the concerns of the community regarding local government should and could be divorced from the problems of the town's mining operation. As a result, my colleague, the hon. Brian Peckford, wrote to the two principal companies involved, ASARCO and the Price Company Limited, to invite them to sit on a committee which will study the question of incorporation for the town.

The companies have replied to Mr. Peckford's letter and both have given their agreement in principle to incorporation of the town of Buchans. The companies have also appointed senior representatives to serve on the committee, Mr. J. E. A. MacDonald, Assistant to the Vice-President (Mining) is ASARCO's appointee while Mr. G. L. Colbourne, vice-president, Mineral Resource Division, is the Price Company Limited appointee. The government members of the committee are Col. J. Allston, representing the Task Force, and Mr. Peter Withers, representing the Department of Municipal Affairs.

It is the government's hope that the above mentioned committee will convene early in the New Year to actively pursue the question of incorporation for the community of Buchans.

The Committee's job is not to study the question for a long period of time, but rather to work out the detailed mechanics as to how incorporation can be achieved. We would hope with the setting up of that Committee to implement at least one of the recommendations of the Buchans Task Force before the final report is actually brought about.

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MR. SPEAKER: Does the hon. member have leave to revert to statements by minister?

HON. MEMBERS: Agreed.

MR. SPEAKER: The hon. member for Windsor-Buchans.

MR. G. FLIGHT: Mr. Speaker, I am aware of the workings of the Task Force up to this point, and I am aware of what the long-term hopes of the Task Force were. I am also aware that very recently there was a questionnaire circulated throughout the town to try to ascertain the feelings of the people of the town towards incorporation.

The minister has indicated that there is a committee set up to look at the possibilities, and he has indicated that ASARCO is receptive to incorporation. I am aware, Sir, that in 1961 a minister of the then administration approached ASARCO, and approached ASARCO with the idea of incorporation and they were in no way receptive at that time. So I can only assume that their thinking along those lines have changed. Would the minister indicate to the House or to me as to what the results of the questionnaire that was circulated in the town with regards to incorporation - what were the results? Were the people in Buchans - did they indicate their desire to indeed becoming incorporated town as opposed to a company controlled town as it is today?

MR. SPEAKER: The hon. Minister for Manpower and Industrial Relations,

HON. E. MAYNARD: Mr. Speaker, as far as the attitude of ASARCO is concerned, it apparently has changed. Both Price Company and ASARCO have indicated their willingness to see the town incorporated. The specific details of the answers to the questionnaire I cannot give the hon. gentleman at this time, but I will certainly get the information and provide it to him within the next day or so - the actual response, rate and whether it was favourable or otherwise.

NOTICES OF MOTIONS:

MR. SPEAKER: The hon. Minister of Municipal Affairs and Housing.

HON. A. B. PECKFORD: Mr. Speaker, I give notice that I will on tomorrow ask leave to introduce a Bill, "An Act Further To Amend The City of St. John's Act."

ANSWERS TO QUESTIONS FOR WHICH NOTICE HAS BEEN GIVEN

MR. SPEAKER: The hon. Minister of Education.

HON. W. HOUSE: A question was asked a few days ago by the member for St. George's (Mrs. Johnson) with respect to superannuation of teachers and the different standards applied to male and female teachers.

As it now stands the male married teacher pays a 4 per cent premium and such provides total family benefits. The married female is not considered the breadwinner of the family and pays 3 per cent for personal coverage. However a married female may apply for and receive the 4 per cent coverage if her husband is financially dependent on her. And the same applies to a widow for the coverage of dependent children. Last year in the teachers' collective agreement it was asked that this be changed to allow 4 per cent deductions for total coverage for male and female teachers, that is, married male and female teachers, and the government has a committee set up of four members of government and four members of the NTA and they are presently working on the matter, and we have not yet reached a report on it.

I further wish, Mr. Speaker, to table answers to questions asked by the hon. member for Bellevue (Mr. Callan) on the Order Paper of November 24. There were some questions in that section that were not

Mr. House:

related to the Department of Education, and these questions have been passed on to the appropriate department.

I am tabling answers to questions 478, 479, 480, 481, 484, 485, 490, 493, 494, 499, 500, 503, 506, 508, 513, 514, 518 and 521.

AN HON. MEMBER: Hear, hear!

MR. SPEAKER: The hon. Minister of Fisheries.

HON. W. CARTER: Mr. Speaker, I beg leave to table answers to questions No. 338, and 348 placed on the Order Paper by the hon. member for Twillingate (Mr. Smallwood), question 622 and 668 placed on the Order Paper by the member for Fogo (Capt. E. Winsor) and question No. 692 by the member for LaPoile (Mr. Neary).

MR. SPEAKER: The hon. Minister of Transportation and Communications.

HON. J. MORGAN: Mr. Speaker, in answer to question no. 423 as placed on the Order Paper by the hon. gentleman from Twillingate (Mr. Smallwood), the question with regards to the number of settlements in the Province which are now isolated, and the miles of road and the approximate mileage, and the population of these communities around the Province.

Mr. Speaker, the answer is there are fourteen communities left that are isolated with no roads leading to these communities. A total population of 4,500 people, and the approximate mileage was 374 miles.

MR. SMALLWOOD: Islands mostly?

MR. MORGAN: Some of them, not all of them.

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MR. SPEAKER: The hon. member for Baie Verte-White Bay (Mr. Pideout).

MR. PIDEOUT: Mr. Speaker, I have a question for the Minister of Transportation and Communications. I wonder if the minister would inform the House whether or not there are any areas in the Province at the present time that are not on the two shift system as far as snow clearing is concerned?

MR. SPEAKER: The hon. Minister of Transportation and Communications.

MR. MORGAN: Mr. Speaker, the two shift, three shift system that we are now using, as of this week, with a three crew system, is used - the three shift, three crew system is used mainly on the Trans-Canada and the major, secondary and trunk roads. The two shift system is used in most of the remaining areas of the Province, yes.

MR. SPEAKER: The hon. member for Baie Verte-White Bay (Mr. Pideout).

MR. PIDEOUT: A supplementary, Mr. Speaker. I wonder for my own clarification, would the minister tell me which category the trunk road from Baie Verte to the Trans-Canada Highway falls in?

MR. SPEAKER: The hon. Minister of Transportation and Communications.

MR. MORGAN: The road referred to, Mr. Speaker, is, I would consider, a major secondary road and would be definitely on a two shift system.

MR. SPEAKER: The hon. member for Conception Bay South (Mr. Nolan).

MR. NOLAN: Mr. Speaker, a question for the Minister of Mines and Energy. I understand that the minister met in Ottawa recently on energy matters. My question centers, Mr. Speaker, around whether or not the minister is prepared to say what if any action has been taken on curtailing prices by oil companies or gas companies in this Province such as has been done, for example, in Nova Scotia and in Ontario during the past year.

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. CROSBIE: Mr. Speaker, there was a meeting last Friday of the Minister of Energy, Mines and Resources of Canada with the ministers of the ten provinces who are responsible for energy matters called by the Government of Canada. The purpose of the meeting was to discuss the present and future prospects with respect to the supply and cost of

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energy in Canada, to discuss the question of petroleum prices and crude oil prices in Canada, and other matters associated therewith.

At that meeting the Government of Canada made it very clear that the present subsidy programme with respect to crude oil prices where the Government of Canada subsidizes oil imported into Eastern Canada so that it remains at the same price for crude oil as oil that is produced in Canada, in Western Canada, would have to be reviewed and that the amount of the subsidy will have to be changed next year. The present agreement will last, I think it is until the end of June, 1976.

The minister pointed out that oil and gas supplies in Canada - or that Canada was no longer or would not be in the next short term period self-sufficient in oil and gas supplies, that the revenue from the oil export tax and oil sold to the United States is declining because the amount of oil exported was declining, that they would have a deficit this year on this subsidy programme because of the export tax, and the ten cent a gallon tax of the federal government on gasoline they still have a short fall this year. This would be increasing in the years to come if they retain the same programme. We made it clear to the meeting that the price of crude oil was certainly going to have to increase in the future, after June 30, next year, to go towards the world market price - because of various, and other reasons, and in order to encourage exploration in the frontier areas of Canada and so on. A number of reasons were given by him, but it is recognized by most of the provinces that this is the case.

Now the question to be decided next year will be how much of an increase will there be next year, how much will the Government of Canada want to decrease the subsidy by and therefore increase the crude oil cost by. That has not yet been discussed nor decided. There was also discussed at that meeting what the federal government considers to be a problem and which I think is a problem of the different policies in different provinces with respect to the price of oil and gasoline products. Several provinces control the retail prices of oil or gasoline,

MP. CROSBIE:

oil products. Most of the provinces do not.

When the price of crude oil was increased last year by the companies with the concurrence of the federal government and the provinces, the federal government decided that forty-five days was the correct period before the producers would be allowed to start charging higher prices for the products that are refined from crude. In other words, forty-five days is the time it takes for them to use up their old inventory before they start using new. Certain provinces disagreed with that and put a freeze on the price for longer periods. In Ontario, the freeze expired there in the middle of November, and in Nova Scotia, Manitoba and British Columbia, I think it was, took the same kind of attitude for varying periods.

The federal government feels, and the provinces all agree in theory, that there should be one crude oil price across Canada. Therefore the federal government does not wish to see differences in the various provinces with respect to those matters.

Mr. Crosbie:

We have taken the position, and in fact - well it was agreed at that meeting that there would be a task force of officials appointed of the ten provinces and the federal government to consider the question of what is the correct to allow on a regional basis, because there may be differences regionally. what is the correct period before crude oil prices should be allowed to be reflected in retail prices, Is it forty-five days, ninety days, sixty days, one hundred days? This may vary according to region. So there is a task force of officials appointed to report back by the end of January after studying all of the information that is available, and studying the records of the oil companies and so on as to what is the proper period. So hopefully it can be agreed by all of the provinces as to what the correct period is before increased crude prices are allowed to be reflected in increased retail prices.

This Province has taken the position that we are going to ask the House of Assembly or the Province to give the government powers to control retail prices of gasoline and oil products in the Province. We have not decided whether this should be controlled by the Public Utilities Board or some other agency, and I think that initially we will ask for the government to freeze prices or to control prices if the government feels that anything has been done is unreasonable. In the meantime, Mr. Gillespie has said that the Prices Control Review Board-or whatever it is called -of Canada is going to closely monitor oil and gasoline prices, and they should be able to do the job with respect to retail prices, and the Department of Energy, Mines and Resources with respect to crude prices. Our response has been that if we find they are doing a reasonable job, we do not want to institute another bureaucracy here in Newfoundland.If they are doing a satisfactory job, we will not need to exercise these powers,but we are going to ask the House to give us certain standby powers.

The other questions discussed at the conference concern conservation and other matters with respect to energy, So I think that I will answer the hon. gentleman's question. The provinces

Mr. Crosbie:

that now have controls, like Nova Scotia, are adamant that they are going to continue having them or continue imposing them. Certain provinces, like New Brunswick, are very much opposed to this being done by the various provinces at different levels across Canada and the federal government takes that position also. So it appears obvious that the price of crude oil in Canada will go up next year after the end of June, but how much and so on will have to be decided by Energy Ministers and First Ministers and their governments between now and the end of June 1976.

MR. SPEAKER: The hon. member for Conception Bay South.

MR. J. NOLAN: Mr. Speaker, a question for the Minister of Manpower. What if any action has been taken to hopefully offset the threatened strikes in the Waterford Hospital, Fxon House and so on that are now threatened in this Province?

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

HON. W. DOODY: (Minister of Finance): May I, Mr. Speaker, as President of Treasury Board who is responsible for that particular area of the collective bargaining process? The on-going negotiations and discussions have been in progress for some time with the unions involved. Some months ago, as the hon. members are aware, Sir, a collective bargaining agreement was signed with the unions involved and there was one outstanding area of concern which had not been resolved, namely, the contact pay situation. At that time it was agreed that a collective agreement covering all of the other outstanding problems would be signed by both the hospital boards, government and the unions involved, and the contact pay problem would be worked out at a later date. If the parties involved could not come to an agreement - it was decided then, at that time, that the conciliation board would be recalled and they would be asked to give an opinion as to how the contact pay problem should be resolved. That report, which was unanimous by all three members of the board has been received, and government has accepted it with the exception of the classification of six people, which is a rather minor area of concern. In effect, government has agreed with the

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Mr. Doody:

conciliation board report, which was unanimous.

Now the problem that we have is that the union is insisting that
the

MR. DOODY:

contact pay which is really a pay, extra money, given to those people who have constant communication or constant contact with patients, particularly in the Waterford Hospital and the Exon House and the Children's Home and the Hillview Lodge, that they should be given some extra pay over and above the other people in the institutions. The union has now taken the position that all the people in these institutions - stenographers, clerks, switchboard operators, janitors, maintenance men - that all these people should be entitled to what they refer to as contact pay. We find that this is unacceptable and unreasonable and we have, you know, we just simply cannot go along with it because it would completely negate the advantage that the people who are exposed to constant contact with some of the more difficult cases in these institutions have. So we have felt that this is not acceptable.

We have pleaded with the unions involved and talked to them at great length. I find it absolutely inconceivable, Sir, that the strike threat will be carried through with. It seems to me to be impossible to conceive that any union, having been granted the responsibility along with the right to strike, would exercise it over such an item at this point in time, that they would elect to go on strike on a point that is obviously not a significant one in terms of the total package that has been negotiated with them over the past year. I find it difficult to imagine, and I think that most people in this hon. House and indeed most people in this Province, and I think that most people in the union involved, would find it difficult to imagine that at this time, at Christmas time above all times, that these people would walk out and leave the hospital for mental and nervous diseases, the Waterford Hospital, without staff and care, that the Children's Home would be without people to look after them, and that the Exon House would not have people to look after them.

We have already been informed by the administration, for instance at the Waterford Home, that the Christmas parties that they

MR. DOODY:

had arranged for the inmates in there have had to be cancelled. The departments directly involved, the Department of Health, Department of Rehabilitation and Recreation, have taken what steps that are possible to try to cope with an emergency situation such as is now being threatened. But I really feel, Sir, that in all honesty and in all faith and confidence in the Labour movement and the responsible leaders and membership, that this strike will not materialize, that the cause that appears to be the one that is being espoused by the union leadership, one that is not worthy of jeopardizing the position that they have won over so many years, that the progress that has been made in the public service unions will be so willfully and almost irresponsibly abused.

So, Sir, I really can say in answer to the question from the hon. member opposite that (a) the departments of government responsible have taken every possible precaution to look after those people who are incapable of looking after themselves, the inmates of these institutions; and (2) that Treasury Board has done everything that it can within reason to reason with the unions involved. My fervent hope, Sir, is that responsibility will prevail and that there will, indeed, be no strike situation.

SOME HON. MEMBERS: Hear! Hear!

MR. SPEAKER: Before I recognize the hon. gentleman for a supplementary I would just like to draw to the attention of the House section 101 in Beauchesne which is quite difficult to implement but it is there and obviously it is there for a reason. The section reads:

Questions must be answered briefly and distinctly, and be limited to the necessary explanations. The same sentence goes on: Though a certain latitude is permitted to Ministers of the Crown whenever they find it necessary to extend their remarks with the view of clearly explaining the matter in question.

Obviously the question of latitude, and it is a question of judgement, and an extremely difficult matter on which to make a precise intervention, and certainly the Chair does not wish to interrupt when the

MR. SPEAKER:

matter is one of some complexity where there may be insufficient understanding if, in fact, a person is cut off. But I read it with reference to the last two answers by the last two hon. gentlemen to my left. I feel that it is necessary to draw to the attention of hon. members to my left, just as when questions, in my opinion, are either too lengthy or contain material which should not in fact be in them, it is my duty to call this to the attention of gentlemen to my right.

The hon. member (Mr. Nolan) had a supplementary, I believe.

MR. NOLAN: If I could pursue this, Mr. Speaker, with the hon. minister: Is there an action plan, if I can call it that, in the eventuality that the strike does come about? Is there something now in preparation, that the minister can assure us of, to protect the people who are in these institutions? That is my real question.

MR. SPEAKER: The hon. Minister of Finance.

MR. DOODY: The question, Sir, is a legitimate one, and one that I respect. Certainly there is an action plan that has already been announced, I think publicly, by the administrator of the Waterford Hospital, that those people who are capable of being discharged are being discharged, that outpatients services have been discontinued, that no new admittances are being accepted, that psychiatric cases are now being referred to the appropriate wards at the other hospitals in the city. The same is true of the other institutions. Obviously an action plan has been prepared and is ready for implementation. But as I said before our fervent hope and desire is that to put the plan in action will not be necessary because we feel that responsibility, you know, will take care of the situation and we will not come to a strike situation.

But insofar as it is possible, Sir, in a situation as delicate as those institutions, where people are literally helpless, where the children are incapable of looking after themselves, and some of them need almost hourly, constant, minute to minute attention, and some of the patients in these other institutions are in the same position, when the action plan must of necessity be a limited one. Insofar as is possible for the departments to create an action plan and have it ready to go into action, it has been done and is ready to move. But hopefully, Sir, it will not be necessary.

AN HON. MEMBER: Hear! Hear!

MR. SPEAKER: The hon. member for Windsor-Buchans (Mr. Flight).

MR. FLIGHT: Mr. Speaker, I am not really sure what minister I should address this question to, so I will address it to the House Leader and he can direct it to the appropriate minister. Is this government actively considering the establishment of a school of mining in Newfoundland? If it is, what place is being considered as the location for that school?

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. COSBIE: This question was answered there a week or two weeks ago, Mr. Speaker, but the hon. gentleman might not have been here. There is

Mr. Crosbie.

a proposal that the Minister of Municipal Affairs and Housing is very much interested in for the establishment of a mining school in the former mine near Springdale, Whalesback Mine.

MR. DOODY: I thought Bell Island would be appropriate.

MR. CROSBIE: Right. That has been investigated by a committee of officials who have reported to the government, and the report is now being considered by the usual organs of government that consider reports, the Resource Policy Committee, and on its way to cabinet. So it is under active consideration. The proposal is to establish a mining school which will be located at Whalesback and use the mines now no longer in use there. That is the proposal. Whether it will be accepted or not is not yet known.

MR. SPEAKER: The hon. member for Windsor-Buchans, (Mr. Flight).

MR. FLIGHT: In following the things up, to the hon. minister, what was the criteria in establishing the Whalesback mine at Green Bay - yes, Green Bay, I guess it is - was consideration given to any other of the mines, particularly the Buchans mine, which as the Minister of Manpower and Industrial Relations has indicated, that there is a task force set up looking for ways to guarantee the future viability of the town of Buchans. Now, it seems to me that a school of mining and all it pertains thereto would be one thing that could have -

MR. SPEAKER: Order, please!

MR. FLIGHT: - guaranteed the viability of the future of Buchans.

MR. SPEAKER: Order, please!

I should point out to the hon. gentleman that his question should be restricted to a question and any necessary explanation, so that the question will be intelligible.

MR. ROBERTS: We think it was necessary.

MR. SPEAKER: I do not.

MR. CROSBIE: Mr. Speaker, I will not deal with the argumentative part of the question. The reason why the Green Bay Whalesback mine was considered is because the whole thing sprang from the breast of

Mr. Crosbie.

the member for the district of Green Bay, who is the Minister of Municipal Affairs and Housing. He is the one who came up with the suggestion and the idea. He is the one who has been pushing it, he is the one who suggested it and caused the government to appoint the committee.

Now the Buchans mine, of course, is still operating and it is going to operate at least until 1979, and, we hope, longer. But the Whalesback mine is not now operating and it is because of the diligent concern of the member for Green Bay for his district that this suggestion was brought forth. That is what has been studied and that is what is being reported on. It may not be accepted. It may prove to be impractical. The Minister of Municipal Affairs and Housing may blow his brains out, or something. That happens. But it is his baby and that is what is being considered.

MP. SPEAKER: The hon. member for Windsor-Buchans (Mr. Flight).

MP. FLIGHT: A supplementary:

Mr. Flight:

Would the minister advise the House as to whether or not this House will get a chance to decide whether that will indeed be the site for the mine?

MR. SPEAKER: The hon. Minister of Mines and Energy.

MR. CROSBIE: Mr. Speaker, that is a decision that will have to be made by the government. Of course, if it involves spending money, we would have to ask members of this hon. House to vote the money to spend to operate. But first it would have to be a decision of the government, the government will have to ask the House of Assembly to agree to vote the necessary funds, if hon. gentlemen of the House would refuse to vote the funds the government will have to resign, and there would be a new government and so on and so forth. But the general procedure is that the government will first have to decide, and ask the House to support it.

MR. SPEAKER: The hon. member for Port au Port.

MR. J. HODDER: Mr. Speaker, a question to the hon. Minister of Social Services - it is a question I asked two weeks ago and did not get an answer - does the government intend to provide a cost of living increase in social assistance payments in January, 1976 as indicated when the new social assistance programme was introduced in November, 1973?

AN HON. MEMBER: Hear, hear!

MR. SPEAKER: The hon. member for Social Services and Rehabilitation.

HON. C. BRETT: Mr. Speaker, it appears that we may not be able to pay this increase in January, that we find ourselves in a similar position to the federal government and other provinces of Canada who are unable to implement some of their social programmes this year. In fact, Sir, I am expecting that the federal government will not index the family allowance to the cost of living, so we are not unlike our sister provinces and the federal government in that we may not be able to bring in this increase in January.

MR. SPEAKER: The hon. member from Conception Bay South.

MR. J. NOLAN: Mr. Speaker, a question to the Minister of Justice

Mr. Nolan:

in reference to an item recently referring to the federal member for St. John's East, Mr. McGrath concerning a letter that he addressed, I believe, to the minister concerning obscene literature here in this Province, asking his assistance, I believe, in doing something about it. What if anything has the minister done or will he do on this matter in response to the member's request?

MR. CROSBIE: The standard answer.

MR. SPEAKER: The hon. Minister of Justice.

MR. NOLAN: Is that in Hansard?

MR. MURPHY: Subscribing to all the magazines that Jim McGrath is talking about.

MR. HICKMAN: Mr. Speaker, that is a rather delicate question and it deserves a rather delicate answer.

MR. CROSBIE: An indelicate question.

MR. HICKMAN: The -

HON. MEMBERS: Oh, oh!

MR. HICKMAN: - provision of the Criminal Code as it relates to -

MR. NOLAN: That is a different matter!

MR. HICKMAN: - pornographic literature is being enforced vigorously in this Province. It has been the case right along. This year gentlemen will recall that there was at least one instance where some person or persons were unwise enough to bring into this Province for sale literature that did not meet the definition of pornography as varied from one court to the next, and prosecutions were taken and convictions were registered against these individuals. The police are keeping a very watchful eye, and hopefully whenever they see something that offends them, or offends the public or the morals of the public - I suppose part of it is, you know, in the eye of the beholder - vigorous action will be taken by both the Royal Canadian Mounted Police and the Newfoundland Constabulary to enforce that provision of the Criminal Code of Canada.

AN HON. MEMBER: Keeping a personal eye on -

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. Leader of the Opposition.

HON. E. ROBERTS: A supplementary, Mr. Speaker. Growing out of the fact that we are assured by the minister that the police are keeping a watchful eye on this sort of literature and I guess we will have to change the slogan of "The mounties get their man" to "they get their woman" -but, Your Honour, I wonder if the minister could tell us whether prosecutions are initiated at the initiative of the police or whether they await complaints from citizens or other bodies?

MR. SPEAKER: The hon. Minister of Justice.

MR. HICKMAN: I guess it can be either way, Mr. Speaker. The ones that were taken this year, as I understand it, were initiated by the police and not upon complaints of any citizen in the Province. But if a citizen feels that he or she have been exposed to that sort of thing, and a complaint is laid, the police will investigate that as well.

MR. ROBERTS: A further supplementary, Your Honour. Has the minister issued any special instructions to the police forces, who of course are under his direction and control although the law itself, the statute, is federal, has he issued any special instructions to the police to be unusually vigilant with respect to this material, because there seems to be some concern over getting more than our fair share of it these days?

MR. HICKMAN: Mr. Speaker, I did investigate - or issue instructions to the police some time ago as a result of representations that I recall were made to me by an organization in Corner Brook. To my knowledge - and the police have been acting pursuant to same - it is my full intention, as I do from time to time when I receive complaints, to draw to the attention of both chiefs of police the recommendations or the concern indicated by Mr. James A. McGrath, M.P. in his most recent letter to me. If the House insists, I suppose, I would take upon myself the burdensome task of censoring these publications after careful scrutiny. But I put myself completely in the hands of the House in that matter.

MR. SPEAKER: The hon. member for Conception Bay South (Mr. Nolan).

MR. NOLAN: Mr. Speaker, on the same matter, if I may pursue this a little, I am wondering films and the like that I am sure has been brought to the attention of the hon. minister from time to time. For example, I am sure he knows that in Great Britain before each movie there is Lord Harleek or someone comes out with a notice before the movie -

MR. NEARY: Lord Goodwin.

MR. NOLAN: Yes. Well he is as a matter of -

AN HON. MEMBER: Oh, oh!

MR. NOLAN: Right. Anyway the point of my question is, who decides what movies are run in this Province? Do we have a censorship board? Is it done in New Brunswick, as we have been told? Or in fact is the Minister of Justice a sort of a pornographic czar? I mean, is it your responsibility or not?

MR. SPEAKER: The hon. Minister of Justice. I should point out that this answer will conclude the Oral Question Period.

MR. HICKMAN: Mr. Speaker, to my knowledge - and I say to my knowledge because it has been difficult to ascertain the answer to that question that the hon. gentleman has just asked - the Province of New Brunswick has a censor board. We do not. There is a very strong school of thought, I think you will find amongst, particularly amongst the

MR. HICKMAN:

activists of this Province that censorship is something that should be avoided if at all possible. But films that do not get by, as I understand, at the New Brunswick censorship board, do not see the light of day in this Province.

I must confess I get somewhat suspicious of the use of the word 'restricted' or 'adult entertainment only' that you see when movies are advertised. I saw recently in the Canadian city where Gone With The Wind had underneath it, 'adult entertainment'. Now surely that kind of a film does not fall into that category. I am just suspicious enough to conclude that sometimes that designation is used in the hope of attracting a larger audience than out of concern for the morals of the hon. gentleman for Conception Bay South (Mr. Nolan).

ORDERS OF THE DAY:

MR. SPEAKER: Motion one. The hon. Minister of Mines and Energy.

MR. CROSBIE: Mr. Speaker, in introducing this motion I suppose I should first refer to it to refresh hon. gentlemen's minds about what the motion is about. The motion asks the members of the House of Assembly to approve the steps taken to date by the government and the Hydro Corporation in connection with the development of the Gull Island hydro site, the inter-connection between Gull Island and the Churchill Falls hydro site, the development and construction of transmission lines from Labrador to the Island of Newfoundland by way of a tunnel under the Strait of Belle Isle and work in connection therewith so that Labrador hydro power can be available for the entire Province, all as detailed in a Ministerial statement made to the House by myself on November 28, 1975, and that this hon. House of Assembly approve the plans announced by the Government of Newfoundland and Labrador for the phased continuation of the project during 1976.

Mr. Crosbie:

Mr. Speaker, I do not know of any topic or subject in this Province that is of any greater importance, so I trust that hon. gentlemen will bear with me if I am a bit lengthy in introducing this motion. I do not intend to go over the ground that is already outlined in the ministerial statement of November 28, but there is a lot of other information I would like to give the House on the whole subject of hydro power and energy in Newfoundland. Hon. gentleman will have to decide when they have heard the debate whether they support the government's policy or whether they want to vote against the government's policy. If hon. gentlemen in a majority vote against the government's policy, of course the government will resign and some other group of hon. gentlemen can undertake the government of the Province. I certainly myself will resign if the House does not approve the policy that is contained in this resolution because I support it completely and unreservedly and 100 per cent.

Now first, Mr. Speaker, just to set the background, the energy background in Canada, I just want to give a few bits of information that were used at a meeting held in Ottawa, that I mentioned earlier today, of Energy Ministers that was held in Ottawa last Friday, on what the energy background is in this Province, because \$2.3 billion - which is the estimated cost now in developing Gull Island hydro and transmitting it to the Province of Newfoundland and interconnecting Churchill Falls with Goose Bay and the Upper Churchill with the Lower and so on - is a lot of money. It certainly is a lot of money. But when you look at that in the context of what has to be invested in Canada if we are to be self-sufficient in energy in the next ten to fifteen years, it is not a great deal of money.

So I would just like to point out, Mr. Speaker, that the projections of the Government of Canada as to what is required in energy investment in Canada in 1974 prices, the amount that will have to be spent in the next fifteen years in developing hydro energy, nuclear power, oil, gas, transmission lines and the like will be \$170 billion, that is, \$170 billion will be required for those purposes in the next fifteen years if we are

Mr. Crosbie:

to meet our energy needs here in Canada. When you hear that gigantic figure then I think it is quite obvious that \$2.3 billion for this Province is not out of line with what is attainable or should be attainable in the whole Dominion of Canada.

Now another interesting figure that came out of those discussions was that in the next ten years the amount that is required to be invested in energy is, I think the figure is - in the next ten years - I am just finding it - here it is, \$110 billion or \$120 billion. Yes. No. Right. For the fifteen years to 1990 it is \$170 billion, that would represent an annual allocation of 5 per cent to 5 1/2 per cent of the Gross National Product to energy investment. Historically energy investment has averaged about three and one half per cent of the GNP. From 1950 to 1974 three and a half per cent of the GNP was invested in energy development. But it will have to increase to five and a half per cent if it were to meet our needs in Canada in the next fifteen years.

Now the estimated capital requirements for the same purposes for the next ten years to 1985 are \$115 billion in all energy sources. Of that amount they estimate that the electrical sector will need \$50 billion. So that in the next ten years at least \$50 billion is required in investment in Canada to develop electrical energy. Once again, when you look at that, Gull Island is only \$2.3 billion. The rest is oil and gas exploration, \$21 billion; synthetic production from coal, \$8 billion; other petroleum production, \$8 billion; coal and uranium, \$7 billion; pipelines about \$21 billion. The expenditures will be concentrated heavily from 1980 to 1985.

And, Mr. Speaker, there is no doubt from all of the information given at that meeting that the price of crude oil within five years time is likely to be at least \$17.10 a barrel, whereas today, because of the subsidy, I think the price of crude oil is about \$7.50 a barrel. In other words a

MR. CROSBIE: barrel of crude oil in the next five or six years will not be costing as it is costing them today, about \$7.50 a barrel, it will more likely be about \$17 a barrel or almost two and a half times as much as it is today, which means that oil energy is going to be very, very expensive energy.

Just before getting on, Mr. Speaker, one very interesting point, just in relation to oil for a moment, it is estimated that if the average efficiency of motor vehicles was increased from an average consumption of gasoline of 17.5 miles per gallon this year, to 28 miles per gallon by 1985, the level of gasoline consumption needed in 1985 for motor vehicles will be 25 per cent less than we currently need, even though they are assuming that the number of automobiles grows at an average rate of 3 per cent a year through the next decade. But it is quite obvious when you see facts like this that the manufacturers of motor cars are going to have to be directed that they are to manufacture motor cars that will consume far less gasoline per mile than they have been doing in the past, and only thus are we likely to survive this energy crisis. So, Mr. Speaker, remember that it is very likely that the price of oil is going to average \$17.10 a barrel in Canada in 1980.

MR. SMALLWOOD: 19?

MR. CROSBIE: 80. And that is the kind of thing that you have got to look at, the desirable alternative of hydro energy keeping in mind. Plus the fact that the amount required for energy investment in the next fifteen years is at least \$170 billion, \$115 billion in the next ten, \$50 billion for electrical energy, so Gull Island, when you look at those gigantic figures for the whole of Canada, does not loom as alarming as one might otherwise think it is.

MR. SMALLWOOD: Would the hon. gentleman get even more pleasure if he took the budget of the whole of mankind?

MR. CROSBIE: I am not taking any pleasure in any of this in particular, Mr. Speaker, except it is my duty to try and outline it and I do not know the point of the question really.

MR. ROWE: I have a question. This \$110 billion that the minister refers to, is that for exploration and capital cost on the part of the government and private enterprise?

MR. CROSBIE: This is from all sources, government _

MR. SMALLWOOD: What does it matter? It is still energy.

MR. CROSBIE: That is right. It is from government or private sources or whatever. It is capital that is going to be needed if we are going to be self-sufficient or meet our needs in energy in the next fifteen years, and \$115 billion in the next ten.

So that is the background, Mr. Speaker, and that is worth keeping in mind when one considers whether or not the Gull Hydro Project and bringing Gull Hydro power to Newfoundland is something that is worth attempting, no matter that there may be risks in attempting to do it.

Now Gull Island, Mr. Speaker, in my view is not a grand imperial concept. I think that the BRINCO was said to be a grand imperial concept. This is a grand Newfoundland concept. It is a grand concept necessary for the development of this province, in my view, if the Province is to have any kind of a future at all in the expansionary sense. The present position of that project is outlined in a statement I made November 28 and I am not going to repeat it. It is evident for anyone who reads that statement that the government has proceeded as carefully as possible. We have had investigations made. We have had the area studied. We are not just jumping ahead blindly, that we recognize the risks and that because of the risks that are inherent in the whole thing we have had to make the decision we announced the end of November, to postpone the hydro for a year and to carry on very slowly with the transmission lines and the tunnel until we can get certain questions finally and conclusively answered. But if we do not continue on in this alternative, Mr. Speaker, then I say that Newfoundland will have no possibility, or little possibility of growth or expansion.

Now it would be far safer for this Province to forget Gull Island, to forget it, or if it is ever developed just to sell its energy elsewhere, if there is a customer. That is, the safest course is, to forget Gull Island and to go ahead with steam plants for the next few years, and

MR. CROSBIE: then by 1985 to go on with a nuclear plant and carry on in that direction, if we can afford that when the time comes. That is the safest course, because in the hydro development the big infusion of capital has to go on the front end. We have to make the big investment on the front end because to get the hydro development you have got to invest all the money in the first five or six years and therefore you take a bigger risk.

MR. CROSBIE:

bigger risks. Is the load growth going to be what is forecast or will it be less than what is forecast? Can you raise all that money in the bond markets, and so on and so forth, in the first five or six years? It is riskier to go this way because you got a front end investment. If we go the other way, steam and nuclear, then you only need to invest - you have got two or three years or four years lead time, you need to invest less, and the amount of the investment will be spread over fifteen years rather than spread over five or six years. As the statement pointed out, to go the steam nuclear route will involve about the same capital investment but it will be spread over a longer period, until 1990. It will be spread over fifteen years. Obviously that is a lot safer. But the power that comes from that, if we go that way, will be a lot more expensive as you can see when you realize the extreme probability that oil will be \$17.10 in 1980.

MR. SMALLWOOD: It will be more than that.

MR. CROSBIE: It is quite possible that it might be more. Now, Mr. Speaker, what -

MR. SMALLWOOD: Mr. Speaker, would the hon. gentleman allow me? He is making a speech dealing with one of the most important things to happen in Newfoundland perhaps in, say, twenty years, and fewer than half the members of that side of the House are here to hear it. It is pretty serious.

MR. CROSBIE: Well, Mr. Speaker, I do not know where the members are. We have been through this several times in caucus and they probably all know what I am going to say, or they have other business. But I agree with the hon. gentleman it is certainly serious.

Now, I just want to touch on the history of the Labrador water rights and the BRINCO situation before carrying on, because there has to be some background given, Mr. Speaker, to properly understand where we are today. The history of that situation is that in 1953 a principle agreement was entered into with BRINCO which granted to BRINCO an option

Mr. CROSBIE:

for a twenty year period on the hydro power resources of Newfoundland and Labrador. That twenty year period would have expired May 20, 1973 had the principle agreement not been amended. In 1961 that principle agreement provided for certain terms and conditions under which BRINCO could get a lease to develop the water power in Labrador or in Newfoundland. They had an option that they could inform the government they wanted to exercise their option in any particular water rights, particularly in Labrador. Now in 1961 BRINCO had the government pass, the government of the day pass the Upper Churchill Lease Act and the Upper Churchill Lease Act took out of the principle agreement the water rights in connection with the Upper Churchill River and a new lease was introduced and approved by the House of Assembly of Newfoundland at the urging, presumably, of the government of the day. BRINCO wanted a new lease because the lease conditions in the old agreement of 1953 were no longer satisfactory. They wanted certain other concessions, so they had to have an act embodying a different lease passed which gave them more concessions. That was in 1961. So BRINCO from 1953 to 1961, and after that, controlled the water power rights, and I am speaking now of Labrador, but also in Newfoundland.

In 1965 they surrendered to the Crown, to the Government of Newfoundland their water power rights on the Island and retained only their water power rights in Labrador. That was so that the Government of Newfoundland could go ahead with the Bay d'Espoir project and develop the power down at Bay d'Espoir. So they entered into an agreement with the government of the day and surrendered their water rights on the Island of Newfoundland. In 1966-67 an act was passed amending the principle agreement of 1953 and among the changes it extended to BRINCO the right to the water powers of Labrador for another ten years, to May 19, 1983, so that their right to control the water power situation in Labrador was then extended until 1983. In 1967 another amendment was passed to exempt the Churchill Falls project from many new taxes or increases in taxes, and to give them a rebate of half of the federal corporation income tax that would be rebated to the Province.

Mr. Crosbie.

What the federal government did in order to enable BRINCO and the Newfoundland Government to enable BRINCO to meet the prices that Quebec Hydro was insisting that they would only pay a certain price for the power from the Upper Churchill, was to agree to rebate to the provinces ninety-five per cent of the Corporation tax that Ottawa collected from hydro companies.

MR. SMALLWOOD: Not ninety-five per cent.

MR. CROSBIE: Ninety-five per cent.

MR. SMALLWOOD: Ninety-four point six or ninety-five point - it was not a straight ninety-five per cent.

MR. CROSBIE: Well ninety-five is easier to compute. It is approximately right, Mr. Speaker. They retained five per cent and they rebated at ninety-five per cent to the provinces, and the provinces could rebate that to their hydro authorities, or to the hydro customers, if they wished. In the case of Newfoundland, the government agreed to rebate half of it to the Upper Churchill Company to CFLCo so that CFLCo could reduce its price to Quebec Hydro by an equivalent amount, because Quebec Hydro took the position that it was going to pay nothing to CFLCo that would represent taxes that were to be paid to the federal government.

MR. SMALLWOOD: This did not represent any loss of revenue to Newfoundland -

MR. CROSBIE: That is correct, Mr. Speaker.

MR. SMALLWOOD: - only to the Government of Canada.

MR. CROSBIE: The federal government rebated to Newfoundland. Newfoundland chose to rebate it to CFLCo so that CFLCo could give Quebec Hydro a lower price. Now there is a bit of a difference between doing that to benefit Quebec Hydro than doing it to benefit your own consumers in Newfoundland. But in any event, that is the way it was done. So it was no money out of Newfoundland's pockets, except we did not retain the rebate. We passed it on to CFLCo who passed it on to Quebec Hydro. Some of it we retained. We only rebated half of it.

MR. SMALLWOOD: There was no change was there?

MR. CROSBIE: No change in what?

MR. SMALLWOOD: If the hon. gentleman will allow? We had in any case for many years, even before Confederation it was the law, that provinces received from the Government of Canada a certain proportion of what that government collected from electric companies and companies producing steam, and something else, for sale to the public, not to themselves or not to a subservient company, the Government of Canada collected it and paid half of it back to the province where it originated. This was not changed by driving it from fifty per cent to ninety-four point six or something of that nature.

MR. CROSBIE: That might well be right, Mr. Speaker.

Now, Mr. Speaker, this is a difficult enough topic, you know, that I got to try to cover, and I do not mind questions ordinarily but it is going to throw me off the track if I have to answer questions.

MR. SMALLWOOD: I doubt that. I doubt the minister is not going to be thrown off the track.

MR. CROSBIE: Yes. I am getting very confused, Mr. Speaker, or it is a very confusing subject. Anyway I am just trying to give the background. I am not criticizing whether this was right or not right. There would have been no Upper Churchill if it had not been done, presumably.

MR. SMALLWOOD: Right.

MR. CROSBIE: So those amendments were passed in 1967. Now, Mr. Speaker, the Upper Churchill project went ahead. Now the Province having given BRINCO or CFLCo these water power rights or the lease, the Province did not apparently have the power to approve or disapprove of the power contracts that BRINCO or CFLCo eventually entered into with Quebec Hydro. They had the right to develop the water power rights. They had the leases, the new lease which gave them - for example, under the principal agreement of 1953, you had to get the government's consent to export power out of the Province. That was gone in the new lease and so on. There were certain other concessions. Having gotten these concessions from the Newfoundland

MR. CROSBIE:

Government, they could sell the power to Quebec Hydro without our concurrence and enter into a power contract that they found would stand up or satisfy them and their own shareholders and investors. And, of course, a contract was entered into on the Upper Churchill. There was a letter of intent first, if I can just get the right date. There was a letter of intent signed between Hydro Quebec and CFLCo on October 13, 1966 setting out the principles of their agreement, and a power contract signed on May 12, 1969. That is when it was actually executed. Now the effective date of that contract is not reached until 1976. The contract will have a term of sixty-five years, from 1976. The present price being paid under that contract is 2.77 mils per kilowatt hour, but the final price will be set on the effective date in 1976. The effective date is a date when the complete development is concluded and the complete amount of the investment is known, and at that time when you know the exact investment and so on that will fix on that effective date the price for the remainder of the contract. At the moment it is 2.77 mils per kilowatt hour.

AN HON. MEMBER: Is that delivered at point A?

MR. CROSBIE: That is delivered at point A on the border, yes.

That price will increase to 3.02 mils on the effective date. That is the current estimate. It will be 3.02 mils. To that you have to add an intricate adjustment charge that Hydro Quebec is paying because certain interest rates were higher than were in the contract. So if you add 0.5 mils to the 3.02 mils, you will have a price

MR. CROSBIE:

set for the first forty years under the contract of approximately 3.52 mils a kilowatt hour. Now a mil is one-tenth of a cent per kilowatt hour. So that is 3.5 , three and a half cents, three and a half tenths of a cent per kilowatt hour. That will be the charge under that contract for forty years, and at the end of the forty years the price will go down to approximately 2.54 mils per kilowatt hour. So after forty years the price will go down to approximately two and a half mils per kilowatt hour for the following twenty-five years.

Now, Mr. Speaker, in hindsight, we have to admit it is in hindsight, in hindsight that is one of the most beneficial contracts that was ever entered into by any contracting party in the history of the world, and the contracting party I am referring to, of course, is Hydro Quebec. It is one of the most favourable contracts ever entered into by anyone, anywhere in the world as far as I know. At the same time, of course, it is one that turns out not to be to the favour of this Province, not to be of benefit to this Province, not to be the benefit to this Province that it might have been had we knew then what we know now or had more foresight been used in those days when the whole thing was being worked out.

Now there are no escalation provisions in that power contract between Hydro Quebec and CFLCo. There is no provision for escalation. One interesting thing, Mr. Speaker, is this - that if the sale price of that energy from Churchill Falls was increased by one mil per kilowatt hour from whatever it is, three and a half mils, if it was increased one mil next year to four and a half mils that would bring in to CFLCo an additional \$31.5 million in revenue. Of that additional revenue to CFLCo, since we now own 65.8 per cent of CFLCo, the Government of Newfoundland owns 65.8 per cent of the shares of CFLCo, we would have the benefit of 65.8 per cent of that additional \$31.5 million which would be \$20.7 million a year. If the price charged for energy next year under that contract was fifteen mils, which it might well be if that contract

MR. CROSBIE:

was being entered into now, if it was fifteen mills the additional revenue to CFLCo would be \$310 - or no, the total revenue of CFLCo would be \$310.5 million a year, and when you reduced it by the revenue they are now getting it would be an additional revenue of \$250 million or \$260 million - sorry, our share of it is, 65.8 per cent share of it would come to at least \$250 million or \$260 million a year.

MR. SMALLWOOD: What would it be if it was fifty mills?

MR. CROSBIE: Never mind fifty, Mr. Speaker? I am using -

MR. SMALLWOOD: Or forty mills or thirty mills?

MR. CROSBIE: Yes, and we will know that before the contract expires because in twenty years time the cost of power will probably be forty mills or fifty mills and it will be sixty mills and Quebec Hydro is going to make billions of dollars off this contract. It is just as well to face the fact and to realize that it is true. Sorry, what was the question?

MR. ROBERTS: What is the revenue now, say, the three mil figure?

MR. CROSBIE: I have not got that figure here now but the revenue now, of course, at the 3.5 mills is sufficient to amortize the debt that was incurred to build the Upper Churchill and to pay a dividend to the shareholders or they never would have gotten into the deal. I will come to what our share would have been had we not increased it to 65.8 per cent.

So the facts have to be recognized, Mr. Speaker, that that contract is one that confers incalculable benefits on Quebec Hydro and that this Province loses because of our lack of perspicacity, or maybe it was impossible at the time to foresee what would happen in energy crisis and the rest of it. But whatever the reasons it is a contract that has tremendous benefit to Hydro Quebec, and that would be of tremendous benefit to us had there even been an escalation clause in the power contract which there was not.

Mr. Crosbie:

There were other things wrong with that contract. Now I am just giving a background to show our position when we came into office, Mr. Speaker. Among the other things wrong with that contract was the fact that when power was recalled, we had the right to recall 300 megawatts of power out of all the power to be generated on the Upper Churchill. Newfoundland could call back for use in Newfoundland 300 megawatts. But we discovered, and the former Premier discovered before he had left office, that we could not recall it at the same price that Quebec Hydro paid for it. But if the power was recalled, customers in Newfoundland would have to pay more for it than Quebec Hydro had to pay for it.

AN HON. MEMBER: The customer. What customer?

MR. CROSBIE: The customer, the customer who discovered that was the Iron Ore Company of Canada. The Iron Ore Company of Canada - the reason why the former Premier had not signed a lease on the Lower Churchill before he left office was because there was a dispute between the then Premier and CFLCo as to what power should be sold to the Iron Ore Company of Canada for.

MR. SMALLWOOD: No, no!

MR. CROSBIE: Well that is the reason.

MR. SMALLWOOD: No.

MR. CROSBIE: And the -

MR. SMALLWOOD: It is not so.

MR. CROSBIE: Well the hon. gentleman can explain it himself. That is what is said in BRINCO's book that he was looking at last night, that CFLCo wanted to charge the Iron Ore Company of Canada a higher price than it was going to charge Quebec Hydro. And the basic reason for that was that the trust deed entered into by CFLCo to secure all of its borrowing said that the company was not to sell power recaptured "unless the terms of such sale are not materially less favourable to the company than the terms on which such power have not so recaptured would have been sold under the power contract."

MR. SMALLWOOD: Yes.

MR. CROSBIE: " And the fact was on power sold within Newfoundland they did not get a rebate of the federal corporation tax which they got if they sold to Quebec Hydro."

MR. SMALLWOOD: If the hon. gentleman would allow me, and I know he is just as eager as I am to have -

MR. CROSBIE: Go ahead.

MR. SMALLWOOD: - the simple, unadorned truth known to the people of Newfoundland. I objected most violently, to the extent that when Mr. Mulholland the head of BRINCO, of Churchill Falls Power, had lunch with me in the dining room downstairs, which is the Premier's dining room, I stormed out of that dining room slamming the door behind me because I insisted and he objected - the present head of the Bank of Montreal of Canada - I insisted that power from the Upper Churchill consumed in this Province by whomsoever could consume it should be at a price lower than the price charged to Hydro Quebec.

MR. CROSBIE: Fine.

MR. SMALLWOOD: I am terribly proud of that.

MR. CROSBIE: That is correct, Mr. Speaker.

MR. SMALLWOOD: I am terribly proud of that.

MR. CROSBIE: I confirm that. But the pity of it was, Mr. Speaker, that there had been nothing in the agreements with CFLCo. or with the people who are now in charge of the situation, who had been given these concessions by the Newfoundland Government, which had said that. There was nothing in writing which required them to sell the recaptured power to the Government of Newfoundland at any price other than under the formula that I have read out here that was in the trust deeds, so Newfoundland had no way of forcing CFLCo -

MR. SMALLWOOD: Oh yes.

MR. CROSBIE: - to sell any part of that 300 megawatts.

MR. SMALLWOOD: We did. We did by saying to them if you do not sell power from the Upper Churchill at a price lower than Hydro Quebec are paying, then you do not get the power from the Lower Churchill.

MR. CROSBIE: Well -

MR. SMALLWOOD: That is a pretty powerful weapon.

MR. SPEAKER (COLLINS): Order, please!

MR. CROSBIE: That weapon was as powerful as a powder puff, Mr. Speaker.

MR. SPEAKER (COLLINS): Order, please! When an hon. member is addressing the House he has the right to address the House in silence unless at his wish to countenance -

AN HON. MEMBER: In perfect silence.

MR. SPEAKER (COLLINS): - in perfect silence - unless it is his wish to countenance interruptions.

MR. CROSBIE: Very good. Well, Mr. Speaker, the hon. gentleman just - that is what I said a few minutes ago. I said that the reason why that lease was not signed on the Lower Churchill, and thank God it was not, was that the then Premier would not sign it because he was angry with CFLCo about their attempt to get more from the Iron Ore Company of Canada for the power than he thought they should charge.

MR. SMALLWOOD: Surely the hon. gentleman will agree that that was a mere temporary argument for a moment, for a day. It was not a definitive and final settlement.

MR. CROSBIE: That argument started sometime in 1971. It was not concluded, luckily, in January 1972 when the new government came in.

MR. SMALLWOOD: I was seventeen years on getting Churchill Falls going. What was a few months?

MR. CROSBIE: I am not criticizing the hon. gentleman. I am just saying why this contract was not signed, and thank God it was not! If there had not been that dispute the Lower Churchill would have been signed away to CFLCo on the same terms and conditions as the Upper Churchill and we would have been ruined altogether. So I am delighted and thrilled that it did not happen.

MR. SMALLWOOD: I do not think that we would have been ruined.

MR. CROSBIE: Ruination.

MR. SMALLWOOD: More ruin like that would help us a lot.

MR. CROSBIE: More ruin like the Upper Churchill would really put us under.

MR. SMALLWOOD: It would help us a lot.

MR. CROSBIE: It would not help us at all, Mr. Speaker.

MR. SMALLWOOD: That is your salvation right now.

MR. SPEAKER (DR. COLLINS): Order, please! Order, please!

MR. CROSBIE: It is not our salvation. Mr. Speaker, I am going to continue with my remarks and anybody who thinks the Upper Churchill is our salvation then can form their own judgement. I only want to give the facts as I see them.

So in any event it was not signed because of this dispute. That was obviously a gap. There had been no agreement in writing between Newfoundland and CFLCo as to what recaptured power would be sold to Newfoundland for, and the trust deed scuppered us entirely because it was in the trust deed with the bond holders that it could not be resold in Newfoundland for less than they could have made if it was sold to Hydro Quebec. So they had to charge at least the same in Newfoundland, and as it turned out more unless we would also rebate to them

MR. CROSBIE: the federal corporation tax rebated to us by Ottawa as we were doing for power sold to Hydro Quebec. So there was no written agreement on the recapture and no written agreement on the price of recaptured power. That was a weakness. The trust deed prevented us from insisting on a lower price in Newfoundland or Labrador than Quebec paid. We could not do anything about that because of the trust deed. There was no understanding and nothing in writing as to what rate a capital cost allowance or depreciation they could use on their assets, which would vastly effect what corporation tax we would get in the first few years of the agreement. That was another weakness.

And then, Mr. Speaker, apart from these weaknesses, we discovered that the effects of tax equalization has been completely left out of the whole formula, which was even more disastrous because it turned out that if the tax equalization formula was not changed Newfoundland would suffer a net deficit in the revenue on the whole situation, rather than even any net gain. So those are some of the weaknesses of the Upper Churchill arrangement. Now I do not want to go into the whole tax equalization question, it is so complicated. I went into it in the House here, I believe, in 1972, and luckily we have been able to get some changes since. But had we not gotten these changes the net effect of the Upper Churchill would be that we would have lost money because we would have lost more in equalization from the Government of Canada than we were going to get from CFLCo in horsepower royalty, corporation tax and dividends over the period. And that was with respect to three things: first with respect to the Public Utilities Income Tax Transfer Act, that is the federal corporation tax, they rebate 71 per cent to Newfoundland and we passed on half of that to CFLCo. But our equalization payments from the Government of Canada declined by the same amount as we got back under that transfer and we then took half of what we got back and passed it over to CFLCo so we had now lost more than we were gaining in equalization on that. So that was very damaging to us.

Then with respect to provincial corporate income tax, we were

MR. CROSBIE: going to lose equalization, roughly a dollar for a dollar. Well if you get provincial corporation tax, and that revenue source is improving, and you lose equalization, that is the normal course of events. But the effect was that there is no net benefit to us, and with respect to water power rentals and royalties under the equalization formula we were facing a loss of \$10 million a year, because that formula is based on the amount of water power generated in a province. It has nothing to do with where it is consumed. So that if Newfoundland is a big producer of hydro electric power, under the formula, when you compare us to other provinces, we lose equalization because we are one of the biggest in generating power. Now the fact that that power is sold elsewhere and not used in the Province does not matter on the formula, so we are going to lose around \$10 million a year in tax equalization for that reason. So that when we looked at this whole situation in the winter

Mr. Crosbie.

of 1972 this was an added feature of the undesirability, putting it mildly, of the Upper Churchill arrangement. Now we were successful, together with BRINCO, in convincing the federal government to change the tax equalization formula so that the worst features of that formula now do not apply to this situation. With respect to the public corporation - the Puitta- the corporation tax they rebated to us, they changed that so that a \$3.5 million loss that we were going to have changed to a \$350,000 a year credit. A corporation tax, there is nothing you can do about that, but once CFLCo becomes a Crown corporation, it will not pay corporation tax and that will not be taken into the formula, but we will still have our share of that revenue, and we will benefit by that.

The water power rentals and royalties: We succeeded in getting Quebec to make a change which together with a change that the federal government agreed to, it saved us a considerable loss there, and in addition we now have the royalties from CFLCo payable to Newfoundland Hydro and that takes them out of the equalization formula. So that the result of all these changes which we brought about, which the federal government has agreed to or we brought about ourselves, is that our equalization loss now in all the revenue from CFLCo is less than \$3 million a year so that we gained from CFLCo by the difference. What was a loss, a total more than the revenue we were going to get from CFLCo, is now a loss in equalization of about \$3 million a year, and if CFLCo had gone on as it was before we took it over from BRINCO, we would have had revenue coming in on the average in a couple of year's time of \$14 million or \$15 million. So those changes - so the equalization situation was changed by the changes that we succeeded in bringing about after 1972. But that was another feature of the contract which had not been considered at the time or the equalization formula was changed afterwards, but which made the agreement very much less desirable than it should have been.

Now, Mr. Speaker, we would have been a lot better off had that contract not been entered into in that form, I do not think there is any question about that, but you have to accept situations as you find them.

Mr. Crosbie.

The revenue that Newfoundland would have gotten from CFLCo had the old arrangement stayed in being, until our action in 1974, would have been an average, once dividends started to be paid - by the way, Mr. Speaker, there will be no dividends paid by CFLCo until 1977. Under the trust deed they cannot pay dividends until 1977 - had the old arrangement continued in being, we would have averaged over the first forty years about \$14 million a year in revenue from CFLCo, and there would have been income taxes, both the federal ones we retain and provincial, about \$6.9 million; the rentals, eight per cent of the net before tax, about \$2.7 million; in royalties every year, fifty cents a horsepower, about \$2.4 million; in dividends, once they started paying dividends, they estimated that Newfoundland would receive on its then eight-point-eight per cent of the shares about \$2 million a year. So the total would have been somewhere between \$14 million and \$15 million from about 1978 or 1979 or 1980 onwards. That is the total revenue Newfoundland would have gotten from the Upper Churchill had the former arrangements stayed in effect that were in effect when we took office in 1972. A mere - not even a bag of beans, a drop in the bucket, nothing. Fourteen or fifteen million a year is nothing for that huge resource of the Province that is now being sold to Quebec, but that is what we would receive or could expect to receive.

Now the effect of inflation on that of course makes it less and less valuable every year, Mr. Speaker, as you know. In any event that was the arrangement. This year, by the way, Newfoundland Hydro has received, in rental, that is the eight per cent of the net before tax from CFLCo, and in the fifty cents a horsepower royalty, an amount of approximately \$5.1 million. Next

MR. CROSBIE:

year they estimate they will receive the same. These two amounts do not change very much. The estimate for next year is \$2,613,000 for 1976 for rental and \$2,480,000 in a horsepower tax. That now goes to Newfoundland Hydro because Newfoundland Hydro now owns all the shares of CFLCo.

MR. ROBERTS: All of them?

MR. CROSBIE: Yes, I am telling you they do.

MR. ROBERTS: 100 per cent of the shares?

MR. CROSBIE: Yes, 100 per cent of the ones the Province owns.

MR. ROBERTS: Oh! Oh, yes! But that amounts to only two-thirds of them!

MR. CROSBIE: Yes, 65.8 per cent. But Newfoundland Hydro receives the rentals and the royalties and will receive the dividends once dividends are to be paid.

MR. ROBERTS: What will that do?

MR. CROSBIE: Well, yes, I got an estimate, yes. Let us see. Now, Mr. Speaker, as long as ERINCO, as long as BRINCO is left in control of CFLCo this Province could not decide its own destiny or even attempt to decide it. Here we had a company, privately owned, that controlled all the water power rights of the vast territory of Labrador.

MR. SMALLWOOD: No, no.

MR. CROSBIE: Yes, controlled them until 1983.

MR. SMALLWOOD: No, only the Upper Churchill. Not even the Lower Churchill.

MR. CROSBIE: Mr. Speaker, BRINCO - I have just explained BRINCO had the water power rights to all of Labrador until 1983.

MR. SMALLWOOD: No.

MR. CROSBIE: Well I say yes.

MR. SMALLWOOD: I say no.

MR. CROSBIE: Well, you will have to prove it is no. I say yes, until 1983.

MR. SMALLWOOD: No, let the minister prove the opposite.

MR. CROSBIE: I do not have to prove the opposite that we have the loaners reports here.

MR. SMALLWOOD: Why not? Why does he not?

MR. CROSBIE: Their option was extended for ten years more from May of 1973 1983.

MR. SMALLWOOD: Option!

MR. CROSBIE: So BRINCO controlled the water rights of Labrador until 1983 -

MR. SMALLWOOD: No.

MR. CROSBIE: - given to them by the hon. gentleman opposite who is now interjecting.

MR. SMALLWOOD: No, no.

MR. CROSBIE: I suggest to him he wait to make his own speech and not interject. No one likes to hear about the mistakes they have made. I know I do not either, Mr. Speaker. I am only trying to give the background, and a lot of this is hindsight. So the position was that here was BRINCO, controlling CFLCo, and controlling all the water power rights of Labrador until 1983.

MR. SMALLWOOD: Oh no!

MR. CROSBIE: And standing between us and the Federal Government, and standing between us and Quebec Hydro, such a situation, as I said, most unusual in the world certainly to have this situation pertaining. So in 1972 when the government took office, what happened? Down came Mr. Mulholland and certain other of his officials with a lease in their hand for us to sign on the Lower Churchill, a lease identical with the abomination that had been signed on the Upper Churchill -

MR. SMALLWOOD: Did they not have control?

MR. CROSBIE: - giving them the same concession.

MR. SMALLWOOD: Did they not have control of the Lower Churchill?

MR. CROSBIE: They had an option which they exercised.

MR. SMALLWOOD: Ah, ah, ah! An option, not control.

MR. CROSBIE: Mr. Speaker, these gentlemen had an option on all the water power rights of Labrador until 1983 -

MR. SMALLWOOD: But not control.

MR. CROSBIE: - and no one else could touch them as long as they had that option.

MR. SMALLWOOD: On what condition?

MR. CROSBIE: They controlled the water power rights.

MR. SMALLWOOD: On what conditions? Whose conditions?

MR. CROSBIE: Conditions nothing.

MR. SMALLWOOD: Whose conditions?

MR. CROSBIE: Mr. Speaker, can I speak uninterrupted?

MR. SPEAKER (Dr. Collins): Order, please! Order, please!

MR. CROSBIE: The hon. gentleman can defend—you know, he can give his own view when he is finished. This is the result of my researches. This is the result of the legal advice we have had since 1973 that I am giving. They control the water power of Labrador until 1983 at which time it would have expired. That is what we were faced with. These gentlemen came down with a lease for us to sign based on the same terms and conditions as the Upper Churchill, the same tax exemptions, the same concessions—giving them absolute control. They could sign a contract with Hydro Quebec at whatever price they liked—the horsepower tax and the eight per cent and the rest of it. And of course we showed them the door politely. We did not sign the lease.

MR. SMALLWOOD: Would the hon., would the hon. minister allow me to ask him a question. Did the government have to accept that lease and if -

MR. CROSBIE: No, we did not.

MR. SMALLWOOD: No, they did not and I know they did - and if they did not have to accept the proposed lease by BRINCO or Churchill Falls Power Corporation what would happen if they did not? They just could have said no, could they not?

MR. CROSBIE: Mr. Speaker, I tried to explain that. We did not have to accept their lease. If we had to accept it we would have had to accept it. We had choice. Luckily it had not been signed by the previous government.

MR. SMALLWOOD: Right.

MR. CROSBIE: Thank God! It was a miracle that we got in and we refused

MR. CROSBIE:

to sign it. Naturally we had the right to refuse. Otherwise we would have had to sign it. But it would be a deadlock, because they had the water power rights and could hold them until 1983. So we could not develop the Lower Churchill on our own or any other water power in Labrador until after 1983. So it is a saw-off. They had the option on the water rights which we could not take without expropriating them, and they wanted us to sign a lease on certain terms which we would not sign, naturally,

Mr. Crosbie:

not after.

MR. SMALLWOOD: and there was the control.

MR. CROSBIE: Not after. Anyway, Mr. Speaker, so we said, no, we are not going to sign that lease on the Lower Churchill, we are not going to have the Lower Churchill proceed under the same terms and conditions as the Upper. We are a bit wiser now, this is 1972 not 1965 or 1967 or 1953. So we said, no. And a long process then of negotiations started.

Now let me say this quite clearly, Mr. Speaker, at no time did CFLCo or BRINCO ever suggest that they wanted to develop the power at Gull Island and bring it to Newfoundland. Not on one occasion did they ever say that, that they ever suggested it. Their idea from the start was to develop the Lower Churchill and sell the power to Quebec Hydro. Not only that, their view from the start was that Newfoundland could not get one iota more than we have gotten on the Upper Churchill, that if we got one other concession out of them they would not be able to sell to Hydro Quebec at a low enough price. So for the rest of 1972 and 1973 we negotiated with CFLCo and laid down our conditions. We appointed - I am not going to go into all of the history of the thing, although it should be put in the record some day, and will be. It will all go on a record some day as it should. But we negotiated with them. We established a committee of our own civil servants to look at the whole thing properly, to advise us and to brief us. We met with them from time to time, and I wrote them on January 12, 1973 outlining the conditions under which we would permit them to go ahead on the Lower Churchill. I think I spoke about that in the House here one time before. We laid down eighteen conditions, Mr. Speaker, that we would consent to their proceeding under. One of those conditions was that we have one-third of the equity of the company that would proceed, without paying anything for the equity. We would have that instead of 8 per cent and the horsepower tax, we would take a third of the equity; that we had to consent to the terms and conditions of the power contract because we

were not going to have another power contract entered into as had been entered into on the Lower Churchill. It would have -

AN HON. MEMBER: Upper.

MR. CROSBIE: Upper. It would have to have escalation clauses and so on and so forth; that they would have to build a line from Gull Island to Goose Bay to supply the Goose Bay area with power; that there would be no exemption for sales tax and gasoline tax; that there would be no rebate of the federal corporation tax, and a number of other clauses that were necessary to protect Newfoundland, including we would have to consent to the trust deed and to the terms of the trust deed and so on, to avoid what had turned out to be the weaknesses in the Upper Churchill contract. If you cannot learn by your mistakes or by mistakes that have been made by somebody else you are pretty darn foolish, and we were not going to be caught making any of those mistakes with what we then knew the situation was on the Upper Churchill. Well that was in January 12, 1973 we had meetings and so on and so forth. You know, BRINCO can be amply called, it used to be called by a certain legal advisor of the government, the Greater East India Company, because they thought we were colonials. They had an imperialist attitude.

AN HON. MEMBER: They still think -

MR. CROSBIE: Their arrogance was unexampled, unexcelled.

MR. NEARY: It was called Bunco by one hon. gentleman over there.

MR. CROSBIE: Bunco it was once called in this House. They were arrogant to the nth. degree. They thought they were dealing with little colonial boys that did not need to be listened to or paid any attention to. But on April 9, 1973 Mr. Harry MacDonald of BRINCO or CFLCO wrote stating that they could not accept certain of our conditions, and they said it was essential that they must have, for example, a rebate of the federal corporation tax that we got back from Ottawa or it could not go ahead, and they had to have other concessions, they would not be able to sell it at a price to Quebec Hydro low enough that Quebec Hydro would sign a contract and so on. So they could not accept our conditions, in particular, the rebate, the tax rebate provision.

Mr. Crosbie:

So then we said, all right the only thing to do is to see Quebec Hydro and see whether Quebec Hydro appear likely to agree to pay a price for Lower Churchill power that will increase the price so that you can meet some of the conditions that Newfoundland wants if the Lower Churchill is to be developed. Because what is the point of developing it and exporting the power unless Newfoundland is going to make substantial revenue from it? It is better to let it flow to the sea, as I said at the time, Mr. Speaker, than to develop it for the good of some other province and not our own. We cannot use it here and have to export it, surely we have to get the best price we can for it, and get some decent revenue, not \$14 million or \$15 million a year. So then in May we did see - I think, it was in May - we saw Quebec Hydro, and Quebec Hydro, as one would expect, being in a very good bargaining position, did not indicate that much interest in the Lower Churchill power, said they were going to do James Bay, they might pay what they paid on the Upper Churchill and allow something for escalation, but certainly did not go out of their way to indicate that they were going to whop out with a nice increase in the rate of power that they would pay CFLCo for the power from the Lower Churchill. Well if Quebec Hydro was not prepared to pay what power was then seeming to become worth, and this was in 1973 before the eruption of the fall of 1973, then we were not willing to have it developed. It was as simple as that! We were not going to develop it

MR. CROSBIE:

just for the benefit of Quebec Hydro. So the thing we had to look at then, Mr. Speaker, was, could we develop it? Could we develop it for use in Newfoundland? In July of 1973 -

MR. SMALLWOOD: The Island or the Province?

MR. CROSBIE: Both, Labrador, and in particular the Island.

MR. MURPHY: Labrador is a part of Newfoundland now I am told.

MR. CROSBIE: They are both part of the same Province.

In July 1973 there was an Order-in-Council passed in which we undertook the studies of Gull by Zinder and Teshmont and so on. A lot of the studies are described in that statement. In July 1973 there had been certain preliminary work done. A series of studies started to see whether it would be possible to bring power from Labrador to the Island of Newfoundland.

Now at no time - I repeat again, Mr. Speaker - at no time did BRINCO express any interest whatsoever in developing the Lower Churchill and bringing any part of that power to the Island of Newfoundland.

MR. SMALLWOOD: Did they refuse?

MR. CROSBIE: Because they thought it was too risky and so on and so forth. They had done the Upper Churchill with Quebec Hydro. They knew they could finance it with Quebec Hydro. They did not know whether they could finance down in Newfoundland.

MR. SMALLWOOD: Was there a customer?

MR. CROSBIE: We had the customers here in Newfoundland.

MR. SMALLWOOD: Was there a customer?

MR. CROSBIE: Perhaps they did not think our credit was good enough here in Newfoundland. So they wanted to go the easy route. Well, I do not blame them. They are a private enterprise company. They exist to make money for their stockholders. We are a Province, we exist to try to do something for the benefit of the Province, and the benefit to the Province would not be to sell power outside Newfoundland at a price that would not give us a very substantial return for the energy. So it was an impasse.

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Now, Mr. Speaker, when we first took office, it was suggested to us by a high official of the Power Commission - I got the memorandum here, February 1972 - that what we needed to do was immediately institute studies leading to the nationalization of CFLCo, that this would be the only solution for Newfoundland.

MR. WHITE: Who was the official?

MR. CROSBIE: The official can remain nameless unless he wants to claim the credit himself, a high official.

MR. NEARY: No, no, put his name on the public record.

MR. CROSBIE: No, he can put his own name there.

MR. NEARY: He should go into the history books.

MR. CROSBIE: Well, he should go in the history book.

MR. NEARY: Well, who was it?

MR. CROSBIE: And I do not think he would mind being known.

MR. NEARY: Well, who was it?

MR. CROSBIE: It was Mr. George Hobbs.

MR. NEARY: Oh, I see.

MR. CROSBIE: That was in February 1972. Mr. George Hobbs is a Newfoundland patriot, and he had been dealing with these people, or being dealt with by them for years, and he knew the the problems, and he knew that the problems could not be overcome unless we nationalized CFLCo. But we did not rush at that route. We had a task force on electric energy, Mr. Speaker, and that task force reported, I think it was around June of 1973. It was chaired by one of the deans up at Memorial University and studied the whole energy situation in Newfoundland. That task force reported and said that the government should immediately get into detailed studies leading to the nationalization of all our power resources in Labrador. So the government did that.

MR. ROBERTS: Did they recommend nationalization?

MR. CROSBIE: I cannot remember the exact wording. Yes, they did do it.

They recommended it but said, "Before you do, get more detailed studies."

MR. ROBERTS: That is a reasonable precaution.

MR. CROSBIE: Right.

MR. CROSBIE: So, Mr. Speaker, we took that advice

MR. SMALLWOOD: Look! Surely the minister agrees that all power in Labrador was already nationalized except for the Upper Churchill.

MR. CROSBIE: All power in Labrador had been given away by the hon. gentleman opposite.-

MR. SMALLWOOD: None!

MR. CROSBIE: - under an option -

MR. SMALLWOOD: Not at all! None!

MR. CROSBIE: - to BRINCO -

MR. SMALLWOOD: Not a horsepower.

MR. CROSBIE: - to 1983.

MR. SMALLWOOD: No!

MR. CROSBIE: Yes!

MR. SMALLWOOD: Not given away, not a horsepower!

MR. CROSBIE: Given away! There is no other way you can describe it.

MR. SMALLWOOD: Oh, come on! Come on!

MR. CROSBIE: In 1983 it would have come back -

MR. SMALLWOOD: Come on! Come on!

MR. CROSBIE: - if we wanted to wait until 1983.

MR. SMALLWOOD: Come on now! Come on!

MR. CROSBIE: The hon. gentleman should calm down. It is not all that bad.

MR. SMALLWOOD: Come on!

MR. CROSBIE: I mean the facts are there.

So, Mr. Speaker, then we decided, yes, this has to be looked at seriously. You know, how much longer can the Province tolerate this, that this resource is going to be tied up until 1983 by BRINCO, whose only aim and objective is to get our power and sell it to Quebec, to give them a return to their shareholders, that will give us practically nothing, and we have got no hope, and we cannot do anything with the rest of the power until 1983 when their option expires. So we did have a look at nationalization and the studies we had done indicated

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it was possible, and it would be advantageous, and as all the hon. gentlemen know, we went ahead and in March 1974 we approached BRINCO and eventually the agreement was reached that they would sell us their shares of CFLCo, and they sold them to us. If they had not sold them to us, we would have asked the House of Assembly to pass legislation expropriating the shares of BRINCO which was a provincially owned company.

MR. ROBERTS: Incorporated.

MR. CROSBIE: Provincially incorporated company.

Well, I will not get into the great debate on the merits of that, because that has been debated in this House, Mr. Speaker, but I will respond if anybody wants to question it. I say it was one of

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the greatest moves this Province ever made, justified in every last detail, so that whether we can do Gull Island or cannot do Gull Island, and whether we can do the Eagle River or cannot do the Eagle River, or whether we can do the Romaine or cannot do the Romaine, or whether we can do anything, we can decide at least our own destiny in Labrador now with respect to hydro power that we did not have the right to do before. And we have got CFLCo, which is now owned sixty-five and one-eighth per cent by us, and the remainder by Quebec or Quebec Hydro.

MR. NEARY: Does the minister think that the development would have gone ahead if BRINCO had stayed and sold the power to Quebec Hydro?

MR. CROSBIE: No, not a chance, because we would not agree to it going ahead.

MR. NEARY: I mean it could have gone ahead under another scheme.

MR. CROSBIE: It is difficult - no, I do not believe that that is so because Quebec had made a decision to go on with James Bay, and that project, of course, is going to be monumentally expensive. I think the last publicly reported cost of it is suppose to be \$12 billion. It will be a lot more than that. And they have gone on with James Bay. So all of these studies went on, and they are all repeated in that earlier statement, and we decided, based on the Techmont-Zinder Report which came in in January, and the report from our fiscal agents which came in January or February. We decided - I think I have got the date here - on February 19, 1974 to proceed to nationalize BRINCO or to purchase CFLCo, whatever could be arranged. And that thing was closed on June 27, finally in 1974. The legislation was passed in the House on June 10. And of May, 1974 we went to the federal government with a concept of developing Gull to bring to Newfoundland and ask for financial assistance and all the federal studies started and so on as all reviewed in this ministerial statement.

Now, Mr. Speaker, just to get some other information here now, I gave what the receipts would have been from the Upper Churchill

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to have the arrangements remain as it was. I should now I think report on where the shares are that we purchased of CFLCo. In June of this year Newfoundland and Labrador Hydro purchased from Newfoundland Industrial Development Corporation, which is the government's investment vehicle, 4,989,330 shares of CFLCo, that is the fifty-seven per cent that we bought in June of 1974, and they paid \$144,752,000 for those shares, that is \$29.00 a share approximately. The effective date of the purchase was January 1, 1975 - now that is in Canadian dollars - of that amount \$130 million represented the purchase price by government from BRINCO of those shares, about \$4,077,000 represented the unfavourable balance between Canadian and U.S. dollars because the original loan to buy the BRINCO shares was in U.S. dollars; \$9 million to \$10 million represented interest on the loan for the intervening period and expenses in negotiating the purchase. So that Newfoundland Hydro has paid Canadian \$144,752,000 for these fifty-seven per cent of the shares of CFLCo that were purchased from BRINCO.

Then in July of this year Newfoundland and Labrador Hydro purchased from the Province 775,998 shares of CFLCo, that is 8.8 per cent of the shares of CFLCo, for \$29.00 each effective January 1, 1975, and in payment Hydro has issued shares to the Province, 22,503,942 common shares of a par value of \$1.00 each. Now these various - the 8.8 per cent of the CFLCo shares were bought by the Province at various times between 1964 and 1968, and of course the Province had to borrow money to buy them and it has had interest on the money since and so on. But that 8.8 per cent portion of the shares of CFLCo have been bought by the Hydro at the same price but they have issued shares to the Province. There has been no money change hands. And of course the Hydro has assumed the loan originally incurred to buy the shares from BRINCO, which is a five year loan which was

MR. CROSBIE: explained to the House before and we will have to start putting that on a long-term basis next year.

Now the first receipt by Newfoundland and Labrador Hydro of dividends from CFLCo will come in 1977. That is when the trust deed permits dividends to be paid. We are now working out the final details of CFLCo becoming a Crown Corporation because it is owned 65.8 per cent by this government and the rest of it by the Government of Quebec.

MR. SMALLWOOD: Could the hon. minister tell me, under the Canadian Corporation Income Tax structure, a corporation owned as to not less than 90 per cent by the government of a province is a Crown Corporation for tax purposes, and if it falls below 90 per cent it ceases to be a Crown Corporation for tax purposes and becomes taxable. But what of a case of a Corporation which is owned as to 90 per cent or more by Her Majesty the Queen in right of two Provinces, in this case Churchill Falls Power, which is owned 100 per cent by two Provinces. Is that exempt as such from federal corporation income tax?

MR. CROSBIE: Well we understand that it will be, that there will be -

MR. SMALLWOOD: Is or will?

MR. CROSBIE: Is.

MR. SMALLWOOD: Is.

MR. CROSBIE: This is being worked out now. The reason why it is taking so long is it is a very complicated matter. It affects the trust deeds of CFLCo and Quebec Hydro and so on, but these negotiations have all been completed now, and the status of CFLCo as a Crown Corporation should be recognized next year.

Now if it is recognized, it is recognized as a Crown Corporation, and it is difficult to see how it would not be, I am just saying that this is not being done yet as a formality, of course the amount available to pay dividends would be considerably greater than has been the case heretofore because there will not be any tax paid. And then the estimate, our estimate is that our share of the dividends -

MR. ROBERTS: 66 per cent.

MR. CROSBIE: - ves - will come to \$25 million a year and that in the year 2008 the dividend payment will peak at about \$30 million, that is our share.

MR. NOLAN: That is in the contract.

MR. CROSBIE: Right. Now that being the case the dividends from the purchase of CFLCo alone should repay the loans incurred for the purchase of the shares over a period of twenty to twenty-one years in full, to service the debt and repay it.

Now the price paid to BRINCO for CFLCo also included an amount for the water power rights that BRINCO had still remaining with it in Labrador, and the amount paid to them valued at \$30 million, I think it is valued at, remains with NIDC, and, of course, if there is another hydro development in Newfoundland they would sell the hydro rights to Newfoundland and Labrador Hydro for that particular project. If the Lower Churchill goes ahead they will have to be compensated to some extent for the water power rights to the Lower Churchill.

So the shares have been transferred to Newfoundland and Labrador Hydro, the water power rights remain with NIDC.

MR. SMALLWOOD: NIDC?

MR. CROSBIE: Yes, Newfoundland Industrial Development Corporation.

MR. NEARY: How much will they get in return for the water rights?

MR. CROSBIE: Well all you do is try to charge off what you paid for them. You know they are not going to make any money on them. They would be developed by a public corporation in any event.

So I think that explains where the shares are gone, Mr. Speaker. Now I have here, in case anyone is interested, ten copies of all the contracts that were issued on the Gull Island project to date. This is a list, ten copies of a list of all the supply construction contracts on the Gull Island project to date, if anybody wants to see them.

MR. NEARY: Can I have a copy?

MR. CROSBIE: There are other reasons of course why we had to take over CFLCo, Mr. Speaker, which are obvious from my statement the other day,

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MR. CROSBIE: One reason, of course, is that you cannot proceed with the Lower Churchill River development without having it tied in and synchronized with the

MR. CROSBIE:

Upper Churchill because of the flow of the water and other things pointed out in that statement, the benefits of it being a crown corporation, the advantages it gives us in dealing with the Romaine River. The Romaine diversion on the Upper Churchill is another very advantageous power project that can increase the energy produced by the Upper Churchill by a considerable amount at very low cost.

MR. SMALLWOOD: How much?

MR. CROSBIE: I cannot give it right off the bat.

MR. SMALLWOOD: How much power?

MR. CROSBIE: What?

MR. SMALLWOOD: Not money, power?

MR. CROSBIE: I would have to get that. I cannot remember the exact amount of power but I will get that.

MR. SMALLWOOD: A million, a half a million?

MR. CROSBIE: In the area of a half a million.

MR. SMALLWOOD: Horsepower?

MR. CROSBIE: I will have to get it for you later. I cannot hear my promoter in the gallery, Mr. Speaker. Right.

MR. SMALLWOOD: Gallery?

MR. CROSBIE: I have to have somebody here to keep an eagle eye on me from Newfoundland and Labrador Hydro, so that if I say anything factually incorrect they can whip me down a note so that I can correct it. So far they have not had to whip me down any notes. So I hope I am being correct.

Now, Mr. Speaker, it might be interesting for hon. gentlemen, just for some information on the cost of energy and rates which is a very complicated subject. Before doing that I might just do something that is simpler. What are the additions that are planned to the provincial hydro or energy system between now and 1980? Now in 1975 we had a fifty megawatt gas turbine being constructed at Stephenville. That is going to cost \$7.5 million. In 1976 to meet the load growth we have to have a fifty megawatt gas turbine constructed at St. John's. That is \$8.5 million. That is the estimated cost. In 1977 we have a new 154

MR. CROSBIE:

megawatt unit number seven coming on at Bay d'Espoir. The cost of that is \$40 million. Now that does not give any more capacity, Mr. Speaker, but it gives more energy. It does not add to the capacity. The amount of water that will go down through Bay d'Espoir will be no greater with this new unit on. We are not extending the dams. We are not including Lloyd's Lake, Lloyd's River. There is no more water going to go through but because of the new installation you will be able to get more energy from the amount of water that is there. So the capacity -

MR. SMALLWOOD: Out of the same water?

MR. CROSBIE: Yes. So the capacity stays the same but the amount of energy will be increased. That is a \$40 million project.

MR. SMALLWOOD: Can the minister explain a little?

MR. CROSBIE: Explain what?

MR. SMALLWOOD: The same water produces at \$40 million expense, it produces more energy.

MR. CROSBIE: More energy, yes.

MR. SMALLWOOD: How?

MR. CROSBIE: Well, because it provides another turbine for this water to go through.

MR. SMALLWOOD: The second time? The same water used twice?

MR. CROSBIE: I will have to ask the technicians if it is used twice. I mean, it does not extend to capacity because you still got - you could only extend the capacity by getting more water to go through.

MR. SMALLWOOD: You get more energy.

MR. CROSBIE: Yes.

MR. ROBERTS: You extend it.

MR. CROSBIE: No, no. It is going to increase its capacity to produce energy but not its capacity generally.

MR. SMALLWOOD: You are not going to spend \$40 million without getting more electricity, or more energy, or juice or whatever you like.

MR. CROSBIE: Right. There would be more energy. Right, but there would be more electricity. But there are two differences between capacity and energy. In 1978 there will be a eighty-five megawatt gas turbine. That will cost \$15 million. This is proposed. In 1979 it is proposed to build another 150 megawatt unit at Holyrood, \$75 million. In 1980 it is proposed to build a seventy megawatt gas turbine.

AN HON. MEMBER: Seventy?

MR. CROSBIE: Seventy, which will cost - it is estimated at that time \$14 million. So, Mr. Speaker, in the next five years we will have to spend \$160 million on these interim measures to attempt to keep up with the demand for energy in Newfoundland. That is if we are going to attempt to satisfy the demand for energy. One alternative we have rather than go with Gull is to ration power, or is to encourage less use of power by allowing power to become very much more expensive and therefore encourage people to use less of it. That is one alternative

MR. CROSBIE:

hon. gentlemen might consider if they do not like the alternative of proceeding with Gull. We can ration power on the Island. That is not our policy and will not be.

MR. NEARY: How about if we recover from the Upper Churchill? What would that do?

MR. CROSBIE: From the which?

MR. NEARY: If we recover, you know, the power from the Upper Churchill.

MR. CROSBIE: I am coming to that now. Now, Mr. Speaker, in getting the cost of energy, it is tremendously complicated. But in 1975 the average cost of energy on the Newfoundland system is 13 mils per kilowatt hour. That includes the cost of generating it from various sources as well as transmission costs and the companies operating overheads. The cost of energy from Bay D'Espoir, forgetting the transmission costs, is 5 mils per kilowatt hour.

MR. SMALLWOOD: What does the transmission add to that?

MR. CROSBIE: Well you have to know where it is being transmitted to. The average cost on the Island for all of this is 13 mils. So the transmission costs, you know, will be considerable on this power. In 1975 -

MR. SMALLWOOD: Transmission and generation together about 13 mils?

MR. CROSBIE: That is on the whole system, taking all sources of power.

MR. SMALLWOOD: The Island?

MR. CROSBIE: Right, on the Island.

MR. SMALLWOOD: Thirteen mils?

MR. CROSBIE: Right. The cost of generation at the Holyrood Thermal Plant today, not including transmission costs, is 30 mils per kilowatt hour.

MR. ROBERTS: Thirty!

MR. CROSBIE: Yes, but I will just explain why. The reason why it is thirty, of course, is that the Holyrood Plant is not being used to its maximum capacity.

MR. ROBERTS: What is the load factor out there, 23 per cent?

MR. CROSBIE: Well, in Holyrood in 1975 the fixed costs are \$4,200,000. That is 10 mils. The unit energy cost is 10 mils. The fuel costs and other costs are \$8,246,000 which is unit energy cost of 20 mils. That is the cost of the units they are turning out this year. So that their cost this year is 30 mils. But if it was used this year at full capacity the fixed cost would still be \$4,200,000 but the unit energy cost would be 2 mils and the fuel and other cost would be \$27 million or 14 mils on the unit basis. So the total cost would be \$31,200,000 or the unit cost would be 16 mils.

MR. ROBERTS: We are running at 20 per cent capacity?

MR. CROSBIE: I am not sure of the exact percentage but it would be something like that.

MR. SMALLWOOD: The 4 mils is the servicing of the debt?

MR. CROSBIE: Well it is the fixed cost applicable to the Holyrood Plant which would be what it would cost plus the -

MR. SMALLWOOD: Servicing the capital cost.

MR. CROSBIE: So if it was used to full capacity today it would be about 16 mils, whereas Bay D'Espoir would be 5 mils - forgetting the transmission cost.

MR. SMALLWOOD: I see, not counting -

MR. CROSBIE: That is at today's, of course, price per barrel of oil which is only about seven dollars a barrel with the subsidy. Well actually the energy sales from Holyrood are about 416 million kilowatt hours this year and on the Island I think this figure is for, it is 2.577 billion. So that is the kind of costs that there are in the system today. But, of course, these costs are rising every year, Mr. Speaker, and they are going to rise again next year and the year after and the year after that, and I do not know when - it might stop, substantially the increases would stop when we get Gull Island power on the Island, because the hydro power once you get it here, whatever the cost is then, is not going to change very much in the future years because the price is then set by what it cost for the development plus what the interest rates were and the rest of it. But if we have to

MR. CROSBIE: depend on steam power those costs are likely to be going up every year.

Now this year they averaged perhaps \$7 or \$7.20 a barrel with the federal subsidy. As I said, a likelihood is that in 1980 they will be \$17 a barrel and the cost of energy from that steam plant will be very, very expensive. Roughly speaking if oil goes up a dollar a barrel the energy costs from Holyrood will go up about 1.9 mils. Now if a barrel of oil went up by \$10 by 1980 then the cost of the power out at Holyrood would be going up by about 18 mils. These are all just rough figures, of course, because it all has to be worked out exactly at the time.

Now for anyone who is interested, Mr. Speaker, there are also some statistics here on the generation of power in the Province during 1974, what power was generated by the Power Corporation, by the Light and Power, by Bowaters, by Price. The total on the Island was 4,202,000,000 kilowatt hours. There was generated at Churchill Falls 23 billion, at Twin Falls, 1 billion; at Menihek, 112 million. The total for the Province was 28,692 billion.

MR. CROSBIE:

and there is a breakdown here in case any member is interested.

MR. NEARY: I did not think anybody generated power now other than Newfoundland Hydro.

MR. CROSBIE: No, Newfoundland Light still generates some as do Bowaters and Price.

MR. NEARY: I thought they took them over.

MR. CROSBIE: They cannot do it anymore in the future, but what they were already producing, you know, in the past, they are allowed to continue doing. But they are not allowed to extend or expand their generating capacity. So that gives you some idea of the cost and the system.

Now, Mr. Speaker - and it is just as well to face the facts that these energy costs are going to be rising every year, and that there will be further rises next year and there will be rises the year after, and of course these are the wholesale rates because Newfoundland and Labrador Power Corporation only sells to either Newfoundland Light and Power or to large industrial customers and not to anyone else. Newfoundland Light and Power has got to recover its cost of distributing the electricity and so on.

Now the hon. gentleman sometimes asks, and the question comes up about ERCO, which was another very unfortunate contract entered into by the last administration. The power agreement with ERCO was entered into in September 14, 1966 following negotiations which began in 1964. The rate under that contract is 2.5 mils, if they use it to the capacity they are supposed to use it. It is 2.5 mils per kilowatt hour or a minimum monthly payment. Now ERCO has not yet used or taken the energy it is supposed to take under the contract every year. So it has been paying more than 2.5 mils under this formula. It has been paying sometimes 3 mils and sometimes as high as 4.5 mils because it has not taken the minimum quantity it is supposed to take under the contract.

That contract runs for twenty-five years from January 1, the on power date of January 1, 1969 to December 31, 1993. The annual cost to date of the payments that the Province has had to pay Hydro

under the Industrial Development Incentives Act are the following: - now Hydro of course loses money on this contract because of the cost. Their costs of supplying this energy are tremendously higher than the price they get paid by ERCO and the Province has undertaken to make up the deficit to them between Hydro's cost and what they have to sell it to ERCO for. This goes into the class of one of the most disastrous contracts ever entered into by any government anywhere in the civilized or uncivilized world also.

MR. NEAPY: Mr. Hobbs was not responsible for that one, was he?

MR. CROSBIE: The last administration is responsible. I do not know what Mr. Hobbs responsibility is but somebody is responsible.

Now the subsidy cost is \$1.5 million in 1969-1970; \$3.8 million in 1970-1971.

MR. NEAPY: Oh, my!

MR. CROSBIE: - \$5.3 million in 1971-1972; \$4.5 million in 1972-1973; \$4.6 million in 1973-1974. I think that last year it cost \$3.8 million. Now last year the reason for the figure of \$3.8 million is extensive down-time caused by technical problems and a management-labour dispute. The estimate for next year is \$5.6 million. Now, those amounts represent the difference between the incentive rate that ERCO pays and the estimated cost rate of providing the power. The system costs are determined on the basis of fixed cost for installed capacity and variable costs for energy.

The costs are allocated among Hydro's customers on a pooled cost basis. Each customer shares the entire system costs in direct proportion to his demands on the system for peak capacity and energy. Now, Mr. Speaker, it is estimated that over the balance of this contract, which is twenty-five years and which does not end until 1993, the Province will have to spend in subsidizing the power for ERCO \$200 million from 1976 to 1993.

MR. MUPPHY: That is the net cost to the Government of Newfoundland.

MR. CROSBIE: Every year we will have to pay out amounts ranging from - well as the cost of energy and the system goes higher and higher, the cost

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MR. CROSBIE:

of the subsidy becomes higher and higher. So that the cost of EPCO for the power in subsidy alone over the twenty-five years is \$19.5 million, plus about \$22 million. It will be \$222 million, another \$200 million in the next years.

Mr. Crosbie:

That is just an estimate, It. may be much more than that, It depends on how energy costs go in the future.

MR. NEARY: Borrow it to pay it.

MR. CROSBIE: We have to - of course we have to collect taxes and go on - this is one of the costs that the government has to meet every year as a result of this contract entered into by the last administration. And before any hon. gentlemen opposite get up when they are rebutting and say, well you were in that administration. You know, let me say that I joined that administration at the end of July 1966, and that I did not know about the ERCO contract, and that I was never consulted about the ERCO contract, the Cabinet was not consulted as far as I know, so I have, you know, no responsibility for, and if I had been consulted I might not have known enough to say anything, you know.

MR. SIMMONS: But you stayed there.

MR. MURPHY: I could have -

MR. CROSBIE: It was negotiated between 1964 and 1966, and the date when it was signed was September of 1966.

MR. SIMMONS: Why did you not resign then?

MR. CROSBIE: But little matters like that was a bit too quick, you know. You could not get in in one month and resign the next.

AN HON. MEMBER: Why?

MR. CROSBIE: In any event I am just saying that I did not know anything about this ERCO contract.

MR. ROBERTS: But did it not go to Cabinet?

MR. CROSBIE: I cannot remember, but I have never searched the records.

Now, Mr. Speaker, that contract is a disaster and I do not know how it was ever entered into. It was part, I suppose, of the general - I do not know what it was, *miasma* - that seem to think that Newfoundland was going to have fantastically low cost energy, and we had to get industry here at any account or any expense because ERCO has cost us a lot more than that. We guaranteed their bonds, we put in housing

Mr. Crosbie:

we constructed roads to the quartz site, we did that, and this and the other. We have to come to grips with the ERCO contract at some time or else it is going to cost the taxpayers of the Province another \$200 million over the remaining twenty years of its duration.

It is an onerous and ridiculous contract.

MR. MURPHY: The Hansard for that will be quite a historical document, if we ever get to read it.

MR. CROSBIE: That is right, if it ever gets printed.

Now the Romaine River Diversion, Mr. Speaker -

MR. SMALLWOOD: Would the hon. minister allow me to ask him a question?

Has he interrogated the former Chairman of the Power Commission, Mr. Hobbs as to how the contract came to be made and the price settled on? Mr. Hobbs, Dr. Hobbs is the gentleman who has - on whose recommendation the initial steps were taken to nationalize Churchill Falls. Has the government interrogated Mr. Hobbs as to how the price came to be fixed by the Power Commission for the sale of that power to ERCO?

MR. CROSBIE: Mr. Speaker, I think the hon. gentleman can well enlighten the House if he wants to on how it came about.

MR. SMALLWOOD: I will.

MR. CROSBIE: I never interrogated Mr. Hobbs about it.

MR. SMALLWOOD: The word is apt.

MR. CROSBIE: I remember very well there were ads in Time Magazine and in all kinds of papers all over the world advertising power for sale in Newfoundland at two and a half mills.

MR. SMALLWOOD: Right.

MR. CROSBIE: It was like love for sale,

MR. SMALLWOOD: How come?

MR. CROSBIE: only it was power for sale.

MR. SMALLWOOD: How come? How did that happen?

MR. CROSBIE: The hon. gentleman will have to explain his -

MR. SMALLWOOD: I can.

MR. CROSBIE: -explain the reasons for this delusion to us.

MR. SMALLWOOD: I can indeed.

MR. CROSBIE: Now, Mr. Speaker, the Romaine River Diversion. There will be an increase of energy at approximately 12 per cent to the Churchill Falls Plant output once the Romaine Diversion was done. The present output of the Upper Churchill plant is 34 billion kilowatt hours. If you add the Romaine you would increase that by approximately 12 per cent.

MR. ROBERTS: What would it cost?

MR. CROSBIE: The Romaine River flows south to Quebec. At the dam site half the watershed will be in Newfoundland and half the watershed in Quebec, and of course we would have to share the additional output with Quebec. I have not got the cost, but it is quite low cost energy because all you have got to do to get it is just build a dam and the water will go back into the watershed of the Upper Churchill and go through the turbine. A very low cost. But if I get some figure it might be able - but certainly low, well under 10 mils, considerably under that but I will have to get the exact figure. But it is low cost energy.

MR. SMALLWOOD: Would the hon. gentleman - I apologize, I missed the introduction to these remarks he has made about Romaine's - I worked on that for a couple of years. Would he resay what he has said about Romaine's and the possible joint development between Quebec and Newfoundland. Is that it?

MR. CROSBIE: It would increase - if the Romaine Diversion was done it would increase the energy output -

MR. SMALLWOOD: Diversion? What does he mean by diversion?

MR. CROSBIE: Well you have to divert the Romaine River. The Romaine River flows south, Mr. Speaker -

MR. SMALLWOOD: Into the Gulf of St. Lawrence.

MR. CROSBIE: - into Quebec and into the Gulf of St. Lawrence.

MR. SMALLWOOD: Yes.

MR. CROSBIE: Half the watershed would be in Newfoundland and half the watershed would be in Quebec, but you would have to dam the river and divert it so it flows back into the Upper Churchill watershed which is

MR. CROSBIE: not very costly, and that would increase the amount of energy at the Churchill Falls plant by 12 per cent. Now the present output of the Upper Churchill is 34 billion kilowatt hours a year. This could add 12 per cent to it and, of course, you would have to share that additional output with Quebec. Now it has not started yet, and is not agreed to be started yet, but is the most promising as far as cost is concerned. Next energy development -

MR. SMALLWOOD: It is one of three or maybe four rivers, is it?

MR. CROSBIE: There are other rivers but the Romaine is the most interesting one.

MR. SMALLWOOD: The biggest one.

MR. CROSBIE: Now, Mr. Speaker, I know you are all getting tired of listening to me.

MR. SMALLWOOD: No.

MR. CROSBIE: What?

MR. SMALLWOOD: No.

MR. CROSBIE: That is nice to hear then, Mr. Speaker.

MR. SMALLWOOD: This is the biggest thing for twenty years.

MR. CROSBIE: All right then. Well, Mr. Speaker, just to go in -

MR. SMALLWOOD: This has facts.

MR. CROSBIE: Just to go into energy mil rates. The hon. the member for Twillingate (Mr. Smallwood) has been asking certain questions verbally about mil rates which are impossible to answer because of the complexity of the subject. And I cannot answer and tell you what the mil rates are going to be for power delivered on the Island of Newfoundland from Gull Island if the whole thing went ahead.

MR. SMALLWOOD: I can.

MR. CROSBIE: You cannot know exactly until you know -

MR. SMALLWOOD: I can.

MR. CROSBIE: - what it is going to cost, what the interest rates are going to be and a series of other questions. Now just on rates - and you have to know what assistance you are going to get from the federal government, what kind of interest forgiveness are they going to

MR. CROSBIE: give you - they have already indicated five years in their original letter of agreement - will they give a grant on any part of the tunnel? That will have a big effect on the rates. So, you know, there is no exact answer that you can give on what the rates will be, except I can certainly say they will be in excess of twenty mils per kilowatt hour. Somewhere between twenty and thirty mils.

MR. SMALLWOOD: Yes, the minister can say that all right.

MR. CROSBIE: Right!

MR. SMALLWOOD: Very confidently.

MR. CROSBIE: Well, if they are that they will be no worse than James Bay and no worse than power that you can get anywhere else in Eastern Canada. But it is impossible to say exactly, Mr. Speaker, what the rate for power will be until you know exactly the answers to all these questions.

We also have to know, of course, what the cost of recall energy is going to be if you have to recall energy.

MR. SMALLWOOD: I only asked for the transmission costs. Not the first costs to buy it, but to transmit it. That is what I asked.

MR. CROSBIE: You know, you cannot know those costs until you know how much power is being delivered over and the rest of it.

MR. SMALLWOOD: Right! Right! That is right!

MR. CROSBIE: So these things cannot be answered until the major questions outlined in my statement are answered. When we have the answers to those we will have the answers to what the mil rates are likely to be or what the costs are likely to be. But it should be noticed that the fuel costs alone for thermal generation, that is just the fuel costs, will be 26 mils if Bunker "C" averages \$16.50 a barrel, and 32 mils if Bunker "C" averages \$20.00 a barrel during this period. So you can be sure of one thing, Mr. Speaker, that if we are left at the mercy of oil powered steam generation, oil fired steam generation, the costs will be a lot higher and escalating every year as the cost of oil escalates.

Now mil rates are a function of the dollars invested,

MR. CROSBIE:

the financial terms related to the investment, the interest rate, the write-off period you select for the investment. They have to be based on assumptions about grants from the federal government or low interest rate loans and also a function of the utilization of the facilities in question. Then you have to know at what point in the whole system the mil rates have been calculated and exactly what you are getting the quotation for, then the blended cost and one hundred other factors come into it.

Then you have another complication as to what you can sell the power for because, of course, utilities quote different rates to customers who have different levels and patterns of consumption. In other words, as we all know, if you are a high load factor customer the Hydro will sell you power at a lower rate than if you were the ordinary customer who does not take a high load but takes a low load as the ordinary customers do. But if you are a high load factor customer they can afford to sell you the power at a smaller price. So big industrial users can be given more attractive prices than the ordinary consumer. All of these things come into it, and there is just no point getting into the hypothetical game of what the cost might be, except as we say in the statement, it will not be cheap power. It will not be cheap power.

MR. SMALLWOOD: That is correct.

MR. CROSBIE: The advantage of it will not be that it is cheap power but it will be

MR. CROSBIE:

cheaper than the alternative, because the alternative studies show that it is still the best alternative, and if on place in Newfoundland at least we will have a stable supply of power that cannot be interrupted by interference in oil production or oil transportation in the world or whatever, and will not be subject to the vastly escalating increases that is likely to be in oil costs from now until all the oil resources of the world are depleted.

Now, Mr. Speaker, I think I have covered most of the things now that I want to cover. But the future not only in Newfoundland but in the rest of Canada or the rest of the western world is of rising energy costs. The countries of the world that have hydro resources will all be developing them and Canada will be developing her hydro resources. And the hydro resources of Labrador are going to be developed. The question is will they be developed so that the Province of Newfoundland gets any benefit from them apart from what revenue may arise from that power being sold to Quebec or through Quebec or whatever. We say that Newfoundland, the Island, should get benefit, that this project should be done, that it is in the national interest to do it, that it will save the Federal Government millions of dollars a year in foreign exchange to be paid for oil that we will otherwise need, balance of payments problems and so on and so forth. The Federal Department of Mines, Energy and Resources supports this project, supports its concept. I think that their attitude towards it - I am optimistic about the Federal Government's attitude towards it.

Now before going on to conclude, Mr. Speaker, I just want to review what we are asking the House to do or what kind of risk we are taking. Obviously we are taking risks. You cannot do this without taking risks. BRINCO had to take risks. Governments have to take risks and I am expecting full support from the hon. member for Twillingate when it comes to taking risks, because I can well remember him saying how he had to take risks and you had to take chances and you could not be a cautious, cautious little conservative individual. You could not be a cautious lawyer, you know, you could not a cautious type like the poor member for St. John's West was in

those days, you know, that you had to take big risks and leap in the dark and -

MR. MURPHY: No conservatives with a small 'c'.

MR. CROSBIE: That is right. So I hope that he has still got his old philosophy because we have to take risks to carry on with this development. And you can legitimately argue that the risk should not be taken, a legitimate argument. Now what has been spent to date, and these are the latest figures, is that the Gull Island project is in three distinct parts: the transmission system, the Strait of Belle Isle tunnel crossing, and the Gull Island hydro site. Now to date, to the end of December this year on the HVDC transmission system there will be spent \$7,100,000. That is on the transmission system. That covers project management and engineering, \$4.5 million; transmission line route survey contracts, \$1.2 million; geotechnical investigations at the terminal stations, \$48,000; support costs for the field programme, \$1.2 million for \$7.1 million. That has been going on since mid-1974.

Then in 1976, Mr. Speaker, if this House approves this resolution, we will plan to go on in connection with the transmission lines, to complete the survey of the transmission lines and to carry on with the engineering programmes scaled down to recognize that there is now one year's extension of the on power date. So, in 1976 on the transmission line we would spend, we plan to spend \$1,220,000 in the first quarter, that is the first quarter: \$1,916,000 in the second quarter; \$2,700,000 in the third quarter; and \$1,900,000 in the fourth quarter, totalling \$7,800,000, just giving round figures. So on the HVDC transmission line we would spend in the whole year \$7,865,000. If you add that to what was spent in 1975 you would have a total spent on the HVDC transmission system, by the end of 1976 of \$14,957,000

MR. CROSBIE:

On the Straits of Belle Isle tunnel crossing, Mr. Speaker, we have spent, or will spend to the end of December, \$7,056,400. That is comprised of \$2.6 million, project management and engineering; \$2.6 million, site clearing and support camp facilities; and purchase and installation of diesel power supply, hoists, head frames and shaft collars, \$1.7 million. So spent to the end of this year on the tunnel crossing \$7.56 million.

In 1976 we have tentatively scheduled the following quarterly expenditure. Now this is tentative because they have got to work this all out in detail. This is the best I can give at this time.

MR. SMALLWOOD: Very tentative.

MR. NOLAN: Contracts let for all these?

MR. SMALLWOOD: Very tentative.

MR. CROSBIE: No. This is not very, very tentative. This is what we will spend next year.

MR. NOLAN: Are the contracts let?

MR. CROSBIE: But whether it will be spent exactly this way or not - now next year on the transmission - or on the tunnel system, the quarterly estimates are: In the first quarter, \$3 million; in the second quarter \$4 million; in the third quarter, \$7 million and in the fourth quarter, \$6 million for a total of \$20 million. We are going ahead with the tunnel. The contracts are let on the two shafts, and the shafts -

MR. NEARY: These are firm contracts?

MR. CROSBIE: Well, we could cancel them and pay a penalty but we are not. We believe this project is going on and we are not going to delay it by stopping the transmission. We are going on with the tunnel, \$20 million next year on the tunnel. So that is the quarterly expenditure.

Now if we find out halfway through the year that the federal government says, no, or Quebec Hydro says, no, to one of the important things we have got to settle with them, we may have to stop the whole

thing. That is the risk we have to take. If that happens we will have to stop it.

MR. NEADY: You got \$350 million from Ottawa, right?

MR. CROSBIE: Yes, but we cannot do the project unless we get more assistance than that. But anyway, assuming we had to go the whole year without having the answers to these big questions, it will be \$20 million. The amount spent by the end of 1976 on the tunnel will be \$27,057,000.

MR. NEADY: It will not be like the English Channel tunnel now?

MR. CROSBIE: Well they have been at that one a long time and still have not got very far with it.

Now on the hydro site at Gull Island, as you know we announced we were going to delay it for a year minimum, it may be more than that but hopefully not. There has been spent on the hydro site at Gull to the end of December, 1975 - they have not got it all added up here - but anyway it is \$2,232,000 on site investigation and engineering; \$6,227,000 on project management and engineering; \$7,213,000 on road construction, sub-surface drilling, hydrographic surveys and camp installation, \$7.7 million; supply of materials to support facilities for the field programme, \$6.1 million. That will be spent to the end of 1975. That is \$6 million, \$13 million, \$19 million, \$21 million, about \$22 million.

Now, in 1976 on the hydro site part of it there is some carry through as you demobilize the project. So the quarterly expenditures in 1976 on the hydro site would be \$1.8 million in the first quarter, \$200,000 in the second quarter, \$50,000 in the third quarter, \$30,000 in the fourth quarter for a total in 1976 of \$2.110 million. And the total cost to the end of 1976 would be \$23,915,000 on the hydro site.

Now there is also the Churchill Falls to Goose Bay transmission line. We are going ahead with that line anyway. There is going to be a transmission line from Churchill Falls to Goose Bay whether Cull goes ahead or not. That is to supply hydro power to the Wapoy Valley-

MR. CROSBIE:

Goose Bay-Northwest River area. Now up until the end of December, 1975 we have spent on that, the Churchill Falls-Goose Bay transmission line, \$295,000 for project management and engineering; \$1.32 million on line survey and supply of materials and \$298,000 support facilities for field work. In 1976 we are going to continue on with that. There will be clearing contracts and the main contract to erect the line.

The quarterly expenditures through 1976 will be, the first quarter, \$541,000; the second quarter, \$3,450,000; the third quarter, \$5,060,000 and the fourth quarter, \$2,692,000 for a total

Mr. Crosbie:

next year on the Churchill-Goose transmission line of \$11,743,000.

MR. NEARY: How much by the Province?

MR. CROSBIE: So that - it is all ours - so the total cost to the end of 1976 on the Churchill-Goose transmission line would be \$13,368,000. Now we are doing that anyway, Mr. Speaker, whether Gull goes or not, I am not sure whether they understand that up in Goose Bay area or not.

MR. NEARY: Where is the federal assistance for that?

MR. CROSBIE: Well the federal assistance is on the transmission line, and it may well be that they will help us in that transmission line anyway, but their offer of assistance as I recall a transmission system.

MR. NEARY: Not on the hydro site now.

MR. CROSBIE: No. Well the original offer was fifty per cent of the transmission line and the tunnel, fifty per cent loan.

MR. NEARY: So some of that \$350 million can be used for the tunnel.

MR. CROSBIE: Yes, if they agree to go ahead with the whole project, but if they say no, we are not going to increase your assistance and we have to cancel the whole project then I presume they will not contribute anything, you know that will be our loss.

MR. NEARY: No but how about - you are postponing the Lower Churchill. How about if you go ahead with the tunnel and the transmission line and the transmission line to Happy Valley, will the Government of Canada then contribute?

MR. CROSBIE: Well that is unknown yet. We want to go ahead with the whole business, so we have now to hear back from them whether they will give the kind of assistance we have asked for, but I will just come to that in a moment, just to finish this up.

MR. NEARY: Okay.

MR. CROSBIE: So this whole programme of 1975 and 1976 comes to this; the cost in 1975 to December 31 is \$41,579,000, and the cost of carrying on as I have described in 1976, to the end of the whole year will be another \$51,718 -

AN HON. MEMBER: Millions. Millions.

MR. CROSBIE: \$51,718,000. So by the end of 1976 we would have in the whole thing \$93,297,000, and that allows a provision for owner's cost of \$4 million at the end of 1975, and another \$10 million in 1976. The owner's cost, Mr. Speaker, relates to interest during construction and the owner's management team to oversee the project and supporting services.

Now the expenditures that we have made at the Gull Hydro site have advanced the project schedule by about two years, and most of that is salvageable once the project release for the site is given. If we proceed with the transmission lines and the tunnel, but they have to be stopped, the bulk of those costs would not be salvageable unless later on you bring power to the Island. The Churchill Falls to Goose Bay transmission costs are all salvageable as they all relate to supplying power to Goose Bay from Churchill Falls. So we continue on to 1976 until we get the answers to these questions that I have outlined in my statement. We will have spend \$93 million by the end of 1976 on all of these things including the Goose Bay-Churchill transmission line. We spent \$41.5 million to date. If we get bad news by the end of June, we will not be out a further \$51 million, it will be whatever those figures I have given you add up to, and I think I have got them totalled here anyway. But it is \$41.5 million to the end of December. It will be another \$8.5 million at the end of the first quarter, the end of March, another \$11 million by the end of June, so by the end of June we would have spent an additional \$19 million, then the heavier expenditures start in the third and fourth quarter.

MR. ROBERTS: What proportion of that is Canadian funding?

MR. CROSBIE: Well, you know, it is difficult to say. It is salvageable if the project goes ahead at a later date, some of it would be salvageable, but if the project never goes ahead at all to bring the power to Newfoundland, well then most money spent on the transmission line and the tunnel will be, you know, completely gone and not reusable. So we are taking a chance, Mr. Speaker. In addition to the \$41 million spent this year, we are taking a chance

Mr. Crosbie:

if we go through the whole of 1976 on spending another \$51 million. If we do not take that chance then Gull Island would have to be deferred before the power came to Newfoundland at least another year perhaps two from 1982. There will be no impetus on the Government of Canada to tell us whether or not they will agree to share more of the cost. There will be no pressure on Quebec Hydro to reach some final settlement with us on the questions of the sale of the surplus energy or the purchase of energy, of the recall energy from the Upper Churchill, the whole thing will come to a dead halt and we may as well forget it. We either keep the project going or we can expect it will never go again.

MR. NEARY: You are gambling.

MR. CROSBIE: It will never go to bring power to Newfoundland.

MR. NEARY: What you are doing you are gambling really on the future of this -

MR. CROSBIE: We are taking a gamble on this project, which is not unusual, Mr. Speaker, with either government's projects of this type or private companies. If you risk nothing, you cannot gain. You can only get the benefits if you are prepared to risk it. This is not some safe little decision as to whether we make a decision to invest in a steam plant at Holyrood or extend it. You know, this is an act of faith in the Province or it is nothing. This is

MR. CROSBIE: a gamble that we think the Province can be something if we get this power because I have convinced myself that if we do not get it the Province can amount to very little. We cannot expand and grow in this Province unless we have got some major, I mean on the Island part~ we could all move to Labrador~ unless we have got some major source, stable source of energy in the Province and that is what we are gambling on. We can be little England or we can be whatever the other crew were called over in the UK when that was a great subject of debate in the nineteenth century.

It may be that we will be forced to accept a role that is a lot less grand than we thought we would have to accept, but I certainly would not accept it willingly without first trying to see what we can do to carry through what is a very difficult and complicated project.

MR. NEARY: Is it realistic to separate the two projects, the hydro development and the tunnel and the transmission line, is that feasible, is it realistic, does it make any sense at all?

MR. CROSBIE: Well the reason why we are postponing the Gull Hydro part, which we do not want to do but which, you know, you have got to show some sense of prudence and caution, that if we kept both projects going through next year that the expenditure on the hydro site would have to amount to about \$200 million and of course the transmission is going at a reduced rate. But if you went ahead with them both at the rate they should have gone at to get power by 1981, we would have either had spent or had ourselves committed for \$400 million. Now that is just too much of a gamble to take when these major questions are still to be decided. So we are going the prudent route but it is much better for us to develop the Gull Hydro site at the same time but if it is only delayed for a year or two I do not think it makes any great difference, Mr. Speaker, But we have got to have the transmission lines and the tunnel or the Island of Newfoundland cannot depend in future on hydro power at all except what we have already got, we have got to go the oil fire nuclear route.

MR. NEARY: Well if you had the tunnel and you had the transmission line,

MR. NEARY: would it not be easier then to develop the Lower Churchill, to get somebody or the government itself to do it?

MR. CROSBIE: Oh, it will be easier to develop it, yes, and you can also use the recall block of power from the Upper Churchill or use other power that might get recalled.

So, Mr. Speaker, I have been a long time, you have been most patient, but to try to clue it up, I am reasonably optimistic about the federal government. They have not given an indication that their answer is going to be no. I naturally expect that they have got to study the latest cost figures and check the alternatives and so on again but I think we will have an answer from them in the next two or three months. We have also got to see the Government of Alberta who have assured us that they intend to support the project by loaning money for it, and get settled with them the amount and the terms of any loans that they will make.

We also have to deal with Quebec Hydro and the Government of Quebec in resolving the question of either the price for surplus power, that they take it or the price we pay for recall power, apart from our 300 megawatts if we want to recall more than the 300 megawatts, if we do not have the Gull Hydro site we have to recall more than 300 megawatts, you have to recall at least 800 megawatts to 1,000,000 megawatts or have their agreement that you can recall that much to make it worthwhile to take down over the line or lines to Newfoundland and that has got to be settled with Quebec Hydro and that involves settling the question of the regional grid for the five Eastern Provinces on which there will be a report by the end of March and which makes so much sense, economically, that I have no doubt, Mr. Speaker, that it will be done. You have got Quebec and Newfoundland who can export hydro energy they have so much of it; you have got Ontario, Nova Scotia, PEI, New Brunswick who need power; you have got New York State fantastically hungry for power, I have no doubt that that will be settled satisfactorily at some point.

MR. CROSBIE: So, Mr. Speaker, I think that we have proceeded carefully and cautiously. We have certainly tried to give full information to the members of the House and to the public. There are several areas that are delicate, that you cannot give full information on, on negotiations or whatever. Our alternatives are set out in the statement here. The choice of the government is to take this risk, carry on in 1976, keep the momentum going, do not lose longer than a year for bringing power to Newfoundland by 1982, try to get the loose ends tied up by the end of 1976. That is our choice, not the choice of going steam and nuclear which means that Newfoundland, in my view anyway, can never have any kind of a great future.

MR. CROSBIE:

We do not choose to go the route which is being suggested to us that we should attempt to decrease the demand for energy by allowing prices to go sky high or by rationing energy. We do not choose to go that route either.

SOME HON. MEMBERS: Hear! Hear!

MR. CROSBIE: We do not see any reason why people in Newfoundland should be treated differently than people in any other province with respect to energy, and have to have their energy rationed and so on because of the big, large cost of this project. It has not been done elsewhere in Canada. We have got our resources and I feel confident the Government of Canada and Quebec will help us bring them on.

So, Mr. Speaker, I have the right to respond and the more information I can get, the people ask for, I will try to get it. We have given the House as much information as we can. I do not see any other direction for us to go in. I think that our direction we have gone in to date has been the right one. Newfoundland is in an unfortunate position vis-a-vis in the whole hydro situation because our only neighbour is the Province of Quebec. We have not yet succeeded in finding other routes for delivering power to other people. In all fairness we have to recognize that in the years leading up to 1966 or 1969 that the Province of Quebec - or Newfoundland was not in a very strong bargaining position then. I still think that we could have had a better power contract had we gone about it properly. But it is only fair to recognize that our position was not a strong one then. If it comes to a real showdown or a knock 'em out fight our position vis-a-vis the Province of Quebec is not a strong one now. We have to proceed to hope that they will treat their neighbour fairly and equitably in resolving these things, that they should not want to beggar their Province next door while they go -

MR. SMALLWOOD: Some hope.

MR. CROSBIE: Well, we hope that there has been a change there, Mr. Speaker, that they will not want to grow fat on the revenues from the Upper Churchill.

MR. CROSBIF:

while Newfoundland is having difficult times because of what we have already explained, because of our position generally. So I am optimistic that we will have a satisfactory arrangement with Hydro Quebec.

Therefore, Mr. Speaker, I move the resolution and hope that while members of the Opposition are doubtless going to have queries and even criticisms of what has gone on I hope that they will support the general concept and agree with us that we should continue this risk which I think is a prudent one when you look at all the circumstances.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. Leader of the Opposition.

MR. SMALLWOOD: Mr. Speaker,

MR. SPEAKER: I recognized the hon. Leader of the Opposition.

MR. ROBERTS: Mr. Speaker, let me begin first of all by saying that I can understand quite readily not only the desire of the gentleman from Twillingate to speak in this debate, but also, I think, the even greater interest that his speech would normally have because of his well known historical association with this entire project and his vast knowledge and his vast expertise. I do not propose as Leader of the Opposition to give way my rights as Leader of the Opposition but I would suggest Your Honour, for the consideration of the House that when the hon. gentleman speaks, as I assume he will following what I have to say, the House grant him unanimous consent to allow him to develop his remarks of whatever length of time he requires, because the hon. gentleman from Twillingate, Sir, is otherwise under the constraint of a forty-five minute rule which may very well be adequate in certain circumstances, but certainly in my view would not be adequate for the position in which he would find himself in this debate. I can only make that in behalf of my colleagues on this side, Your Honour, and the hon. gentleman from Twillingate may or may not choose to make that request. But, Sir, for our part we will gladly consent. The minister had under the rules unlimited time and he used it wisely. I have, as I understand the rules, speaking first in reply to a government motion equally unlimited time and I shall try to use it equally wisely.

AN HON. MEMBER: He is leaving tomorrow.

MR. ROBERTS: I am sorry?

AN HON. MEMBER: He is going to be away.

MR. ROBERTS: Yes, I understand the gentleman from Twillingate may be away as of tomorrow but the House will sit - I understand we are to meet at eight tonight. I also again can only speak for my colleagues here, Mr. Speaker, but for our part we have agreed to defer Private Members' Day, in other words, not to exercise our right to demand that a private members' motion be called tomorrow. Assuming the other five hon. gentlemen on this side feel that way and if hon. gentlemen opposite feel the same way, then tomorrow we will presumably see the continuation of this debate.

MR. MURPHY: The hon. member will not be in the House. He is leaving at ten thirty tomorrow morning.

MR. ROBERTS: Oh, well, I mean I will be finished long before eleven tonight. I do not intend to go on for three and one half hours. I probably could, but I certainly do not intend to and I do not think I should under the circumstances.

MR. ROBERTS:

I was not aware that the hon. gentleman from Twillingate (Mr. Smallwood) would not be present at all tomorrow. I am not familiar with the travel plans of the hon. gentleman. Mr. Speaker, I think it is only appropriate that we go at this motion in this way because I think that this is certainly as single - or as important a single motion as is ever to come before this House, probably ever but certainly in the ten or eleven years that I have been a member of the House, or the hon. gentleman from St. John's West (Mr. Crosbie) or the hon. gentleman from Grand Bank (Mr. Hickman) or the gentleman from St. John's Center (Mr. Murphy) who has been here one election longer, the 1962, same as the gentleman from LaPoile (Mr. Neary). But I would venture to think that nothing came before the House in those four years that was of any greater importance than this.

Although the gentleman from St. John's West (Mr. Crosbie) and I do not often see eye to eye on a lot of things - and there are a lot of points in his speech with which I do not agree and I will state my reasons for it - I think we could agree on the importance of the motion. Let me add to that that I appreciate the way the hon. gentleman went at his speech. There is the tendency, particularly on this subject, to go on at some length about the alleged sins or errors of omission and commission in the past. We have debated that before. I was reading some of the back Hansards. In June of 1974 we had a debate here. It was on the bill to authorize the government to spend the money necessary to purchase the CFLCo shares, the 57 per cent interest and to purchase the water power rights. Much of what the hon. minister said this afternoon he said at that occasion word for word, the same. But the tone of rancor was not present today and I would hope it will not be present because let me say at the outset, Mr. Speaker, that I - and I think I speak for my colleagues - at this point are not at all concerned with the question of the ownership of the CFLCo shares.

Let it be quite clear that all that was done - now it may be a great deal - but all that was done in the Spring of 1974, the so-

MR. ROBERTS:

called takeover of Brinco was not a takeover of Brinco, it was the purchase of a majority interest, a 57 per cent interest, in the shares of the Churchill Falls-Labrador Corporation, the corporation that had the right and the corporation that exercised the right to develop the Upper Churchill River, the project we now call the Upper Churchill project, the project that we used to call Churchill Falls. We purchased that controlling share interest and we also purchased such rights - obviously the subject of some arguments back and forth - but such rights, if any, as the Churchill Falls Corporation or the Brinco Corporation possessed in respect of other possible water power developments in Labrador.

Now I think it is sterile and futile to debate the wisdom of that at this point, simply because the deed has been done and I do not think it can be undone. I just do not think it can be undone. I voted for it in the House. My colleagues in the House at that time voted to authorize the government to do that and I have no qualms in saying I would do it again. I do not see any reason why the people of Newfoundland and Labrador should not reap the greatest possible benefits which they can from the natural resources of this Province. I appreciate the government whip giving the Minister of Industrial Development instructions but really the Minister of Industrial Development is expressing his own feelings and the government whip should control himself.

But I believe, Mr. Speaker, that the people of this Province have a right to such benefits, the greatest possible benefits that we can wrest from the resources of this Province. There is no doubt that the water power of Labrador, and particularly the undeveloped water power of Labrador, is one of the great treasures of this Province, one of the great natural resources, one of the great storehouses that we can develop. In the continuing struggle that has marked the history of this Province, the 500 years or more the people have been here and have been trying to make a living and to build a home for themselves and for their children, the natural resources are the tool which we

MR. ROBERTS:

must use to do it. So if ownership is the way to do it - and I for one believe it is - then let us own it. I say that because although I have no quarrel with Brinco - indeed I think Brinco, and I have said so many times, are as fine a corporate entity as ever has done business in this Province. They are a fine

Mr. Roberts:

corporation. They are responsible, they are gentlemen, they are honest, they live up to their agreements, all of these things. BRINCO's motive and BRINCO's interest in coming to this Province was not entirely the same as the interest of the Province. We may have coincided from time to time. The interest of the Province and the interest of BRINCO may well have coincided. But certainly, Sir, BRINCO's interest must have been to do their duty to their shareholders, the people who owned BRINCO and who own it and who control it. Our duty is to do what we can to serve the interests of, if Your Honour wishes, our shareholders, the people of this Province. The ownership of the project no longer is an issue, I would think it is a completely sterile and futile and unnecessary argument.

The hon. gentleman from Twillingate (Mr. Smallwood) will doubtless give his version of, or his recollection, I should say, of a meeting which took place here in St. John's, I believe the hon. member for St. John's West (Mr. Crosbie) first mentioned it, but let me also go on the record of my version because I was at the luncheon to which the hon. gentleman referred, as was Mr. Mulholland then the President of BRINCO, now the President and Chief Operating Officer of the Bank of Montreal. My friend and colleague Bill Rowe was there, I recall. There may be other hon. - I am sure the hon. gentleman from Conception Bay South (Mr. Nolan) was there that -

AN HON. MEMBER: Dr. Fred Rowe.

MR. ROBERTS: And Dr. Fred Rowe who was then the member for Grand Falls district and has now achieved an even greater eminence, if that be possible; and the then Minister of Justice, Mr. Leslie R. Curtis who of course was then the member for Twillingate.

MR. SMALLWOOD: There were a couple of others.

MR. ROBERTS: The hon. gentleman from Twillingate (Mr. Smallwood), the present member reminds me that there were a couple of others. There may well have been. But the important thing is that there were two, if you wish, two acts to the meeting, One was the discussion to which the

Mr. Roberts:

hon. gentleman has adverted, the question of the price at which some of the recalled power would be sold to the Iron Ore Company of Canada. And that had been a subject of considerable controversy, considerable acrimony, letters going back and forth to BRINCO, decisions been taken by the government to which CFLCo objected, BRINCO objected, much, much back and forth, and much acrimony, and as I recall the luncheon it certainly did have an acrimonious end because the then Premier (Mr. Smallwood), the gentleman from Twillingate certainly did not agree that power from Churchill Falls should be sold to a customer in this Province, which happened to be IOC, at a price less than it was being sold to Quebec Hydro.

MR. SMALLWOOD: No. I insisted.

MR. ROBERTS: The hon. gentleman says he insisted. He can put it whichever way he wishes. But the letters which the hon. gentleman sent to Mr. Mulholland certainly made the matter quite clear and they could be tabled if there is any doubt. The point was that the then government objected very strongly to this. The argument that was then advanced by Mr. Mulholland was essentially the one referred to by the gentleman from St. John's West (Mr. Crosbie) that the trust deed, the marvelous trust deed, the major - the instrument of the major financing would not permit it. And there is a lot of back and forth, I notice in this marvelous little book which by, I assume, some happenstance, some happy coincidence, we were all given yesterday which seems to be an interesting book by Mr. Phillip Smith deals with the argument, at least as BRINCO saw it, and there is certainly, you know, there is an argument back and forth. Indeed it has been hashed over in this House, in 1972 we had a go at that particular argument.

But I bring it up not to talk about the price at which power was recaptured, because I think that is only the minor part of it. After the meeting at lunch, four of the men at that lunch adjourned to the room on the eighth floor which is the Premier's office. One was there by right, the Premier of the Province, three were there at

Mr. Roberts;

his invitation, one being Mr. Mulholland, a second being Mr. William Rowe, then a member of the Cabinet and the third being myself, and I was also a member of the Cabinet at that time. And I recall quite vividly Mr. Mulholland sitting on the couch which, I think, is still on the eighth floor on the inner wall, across from the desk used by the Premier, the Premier sitting there and myself and Bill Rowe sitting in chairs, Mr. Mulholland then being asked really what was the reason he had come down? He had sent word he wanted to see the Premier, he had an important message, and in due course Mr. Mulholland after a little chitter-chatter, and after a two hour lunch, well-fueled, the lunch was well-fueled, a very delicious lunch as I recall it, Mr. Mulholland said the reason he had come was in essence that BRINCO were prepared to do a deal with the government or with Hydro Quebec for the development of the Lower Churchill.

MR. ROBERTS: And to make a short story long - but an important story, Mr. Speaker - I am not sure whether it was the member for Twillingate or myself or Mr. Rowe, it matters not whom because we were in agreement on it, the answer that was given was that we were not prepared even to contemplate bringing a proposal before the Cabinet because Mr. Mulholland's request was for a lease, you know, the lease that the BRINCO would need to develop the Lower Churchill, they had a right to a lease under certain circumstances but they did not have a lease, that we would not even contemplate bringing a request for the lease before the Cabinet for consideration until and unless we were convinced that it was not possible to bring that power to the Island to use it here. Now that is important. It is not the wisdom of Hindsight. We were out of office shortly after that, that was as I recall it in September or late in August, The election was held at the end of October, It took three or four months to settle the election and eventually the Supreme Court declared that the gentleman who now sits for St. Barbe District was elected to represent the then District of St. Barbe South and that was the end of the administration, Of course, the administration resigned forthwith. What is important is it shows that the policy is not a new one and indeed while glancing through Mr. Smith's book the other day, or last evening, I came across the description of the Opening Day, the day when the member for Twillingate went down to Churchill Falls and blew the top off the mountain, and I do not know how many hon. gentlemen who were there are here this day but there are a certain number of members in the House who were at that ceremony in 1967. And it was extremely well reported because the then Premier made quite a strong speech, which was not exactly the speech that BRINCO wanted to hear or expected to hear or hoped to hear but a speech which, you know, made it quite clear that BRINCO were welcomed tenants and welcomed to develop but they were tenants and that the government were the landlords and that BRINCO developed in accordance to the wishes and in agreement with the government of the Province.

But I mention that only because, if I can quote page 276 of the book - and I have not remembered this, and I have not checked it out, but

MR. ROBERTS: I assume the book is accurate. I have no reason to think it is not. It may be a favourable version but then again the minister's speech is a favourable version as he sees it - but page 276, the minister of Energy, Mines and Natural Resources, Jean Luc Pepin, the same gentleman who has gone through several transmodifications and is now the Chairman of the Anti-inflation Board at Ottawa, the hon. Mr. Pepin who is also on hand had said in a brief speech that all the Churchill Falls power would be going to Quebec. Joey (the hon. gentleman from Twillingate, of course) corrected him, 'that is almost but not entirely true, about ninety per cent of it will go to Quebec and ten per cent of it will stay in this Province. All (and they are not my italics, Sir, they are in the speech) all the power from the Lower Churchill, one hundred per cent of it will stay in this Province!'

I assume that is accurate. Perhaps the hon. gentleman from Twillingate remembers the speech. He possibly even has a tape recording of it.

MR. SMALLWOOD: I said a lot more than that.

MR. ROBERTS: The hon. gentleman did say a lot more than that, Mr. Speaker. But I, at this stage find it relevant only to refer to that because that relates to the point I am making. The point is that it has been quite well established in public policy in this Province for a long time, certainly since 1967, that whenever the Lower Churchill was developed the power would be used in this Province. It was stated publicly in 1967. It may have not been noticed in the attention that was paid to the rest of the hon. gentleman's speech, which was rather a strong statement to the effect that we, the people of Newfoundland, owned it, a very strong and colorful and forceful statement but the statement was made. And then of course there was the incident in 1971, and I believe that the proposal which Mr. Mulholland had that day he came to see the then Premier was essentially the same as the proposal which was resuscitated and brought in to the Tory Administration when it took office in January or February 1972. I think it was probably essentially the same proposal and the lease had been rejected-or the proposal had been rejected out of hand by the Liberal Administration for the reason I have stated, that unless and until, unless and until it could be shown that that power could not be used on the island and in the Province, then it could not go west. Or you could

MR. ROBERTS: put that the other day, Mr. Speaker, that the power must be used in this Province. Not revolutionary, not entirely-- not startling. None of that is very revealing, and I believe a very right, a very correct position for the government to take. So all that I have said so far is that the issue of ownership, and the purpose for which the power is to be developed are really not, in my view, very relevant to the motion now under debate.

We are being asked to approve the actions which the government have taken with respect to the - let us call it the Lower Churchill project to date. By the Lower Churchill project I embrace and include the Gull Island hydro site, the proposal to build a transmission line from Gull Island, or indeed from the Upper Churchill to the Straits of Belle Isle, and then the tunnel portion of it, and then the resumption of the transmission line from the Flowers Cove side, or Savage Cove, to be a little more precise to bring it down in a southerly direction along the Northern Peninsula to the point near Deer Lake where it comes into the presently existing Island power grid.

So ownership is not the issue, Sir. Even if Brinco still owned the Churchill Falls Corporation, even if this House had not authorized the government to buy it, and even if the government had not used that authorization to purchase the shares, the problems of developing the Lower Churchill would still be the same. They would still be the same. They have not changed one iota. I submit, Mr. Speaker, that there are only two questions which are really germane to this debate. One is how should we as a people - or if I were speaking for the government I would say, how should we as a government representing the people meet the power needs which this Province will have, which it has now, which it can foresee and which it will have.

Then, Sir, a slightly different question: How do we best use the resources which we have in Labrador? When we talk of hydro development, Sir, we really are talking only of Labrador because although there is substantial capacity on the Island, I have my doubts as to how much of it could be developed. Lloyds River could be developed. It may even be economically desirable. But it is not

desirable to develop the Lloyds River because the environmental and the ecological considerations would far outweigh the economic considerations.

There is a considerable potential in, behind Terra Nova Park on the Terra Nova River in the Pitts Pond area. I forget the figure. Ninety megawatts?

MR. CROSBIE: About that - if you could develop it.

MR. ROBERTS: Well, the hon. gentleman has anticipated what I am going to say. Surely it might be economically desirable to do it. It might be technically very desirable to do it but the other considerations would not, you know, would outweigh them, would not permit it to go ahead.

So when we talk of hydro power we are talking basically of Labrador. There are others. There is the Hinds Lake proposal in behind Deer Lake, and Cat Arm, Ten Mile Pond further North, North of Roddickton to Plum Point highway has a hydro potential. You know there are a fair amount around. Added together it might be, what, 500 megawatts?

MR. F. POWE: Four hundred and fifty.

MR. ROBERTS: Four hundred and fifty my friend from Trinity-Bay de Verde (Mr. F. Powe) tells me.

MR. F. POWE: Four hundred and forty-five on the Island.

MR. ROBERTS: About 445, 450 on the Island. But that is the Upper Humber of 32 megawatts; and the main river, 51 megawatts, and the Upper Salmon, 62. That is the Lloyds River one by another name. Cat Arm - my friend's writing is not terribly good - Bay du Nord on the Southwest Coast and so forth. But, you know, each of these projects has its merits and its demerits and by and large they are not going to be the solution to the power needs of this Province.

Mr. Speaker, it is about six o'clock, assuming that clock is about correct. If the hon. gentlemen opposite would agree I will just move the adjournment of the debate or will call it six. I do not even need to adjourn the debate. I will call it six and we can come back at eight and go on from where we are at.

MR. SPEAKER: It now being six o'clock, I leave the Chair until eight this evening.

The House resumed at 8:00 p.m.

Mr. Speaker in the Chair.

MR. SPEAKER: Order, please! The Leader of the Opposition adjourned the debate.

MR. ROBERTS: Well, thank you, Mr. Speaker. Let me pick a nit. I do not think I adjourned the debate as such. Your Honour gratuitously and very gratefully noticed it was six o'clock and Your Honour left the Chair. Your Honour has now resumed the Chair and I am back where I started. When Your Honour called it six I had made, I think, only one or two or the points I wish to make in this particular debate. I had given our view that ownership is not really the issue. I was somewhat disappointed in that. The hon. member for St. John's West, the Minister of Mines and Energy, spent so much time going over what I regard as quite stale ground. He may have been trying to anticipate some other speakers and the remarks which they would make. But since the hon. gentleman has time to close this debate and has an opportunity to speak then, I would have assumed he would deal with it that way. But in any event, members could say what they want. As far as I am concerned ownership is not the issue and I have always been of the opinion that even leaving aside whether we should or should not have bought the shares of CFLCo, I have always been of the opinion that whether we owned it as a Province, or whether BRINCO owned that majority interest in the CFLCo company, the development of the Lower Churchill and the other Labrador rivers would be subjected to the same considerations and governed by the same factors as now apply.

Mr. Speaker, the requirements of power, the requirements that govern the development of power are the same no matter who owns it. The cost is the same. I am not talking about the return. I am not talking about taxation. But it costs so many million dollars to put a dam on a river and so many million dollars to put generators in a power house near that

dam, and so many million dollars to run power lines and so many million dollars more to -

MR. SMALLWOOD: I know there were two. You said there were four.

MR. ROBERTS: Mr. Speaker, if the hon. gentleman from Twillingate and the hon. gentleman from LaPoile are having a caucus that is well and good, but really it is quite loud.

MR. NEARY: It is a secret meeting.

MR. ROBERTS: Well, it may or may not be a secret meeting, or it may be a meeting of minds, Sir. That I do not know and it is of no concern to me as long as they whenever they meet they meet either quietly or away from the Chambers, Sir. Thank you.

MR. COLLINS: Oh, oh!

MR. SPFAKER: Order, please!

MR. ROBERTS: The hon. Minister of Health is in a jovial mood.

As I was saying, Sir, the factors that govern power development are the same no matter who the owner is, whether the owner is the Crown or the owner is a corporation with headquarters in this Province, or the owner is a corporation with headquarters somewhere else. It costs so many million dollars to develop the project and there must be certain conditions met before that money will be advanced by the market, by the people who have money to lend, and it requires certain conditions to be met before the debt can be serviced, before the power can be sold and money come in to service the debt. So in that sense it

Mr. Roberts:

is completely irrelevant, in my view, who owns the project. It is not irrelevant to the future of Newfoundland and Labrador, but it is irrelevant to this debate. It is irrelevant to the development of the Churchill Falls.

Mr. Speaker, as I said, there are only the two questions which I think are important. There are only two questions which I think must be dealt with and which determine the course which this Province should take. The first of these is, how are we going, as a Province, as a people acting through the government to meet the power needs which confront us? And I will deal with that in some detail. The minister referred to it in some detail, but it is one of the two crucial questions. The second one is the question of how should we best use, or how can we make the best use of our Labrador resource, the Lower Churchill, the Gull Island project, the Muskrat project and all the other water power potentials in Labrador, and there are many more beyond just the Lower Churchill or even the two projects that are on the lower part of the Churchill River.

Before I say that, let me say a word or two about the presently existing contract between the CFLCo, on one hand, and Hydro Quebec on the other. The Minister of Mines and Energy this afternoon adverted to the contract at some length, gave us a little bit of the pyrotechnics, and I do not intend to get into that debate, I have stated our position on it on a number of occasions. And I imagine from the interruptions and the interjections which came from the hon. member from Twillingate (Mr. Smallwood) that he will have considerable to say on that point. Again it may be an interesting argument as to whether the project - I am sorry, the contract was a good one or not at the time. I happen to feel that it was a good one at the time, it may not have been a good one now, but if we knew then what we know now how wise we would be.

My concern is rather with where we go from here. As the minister pointed out the price of the power which Hydro Quebec are buying from CFLCo is 3.02 mils-- well, let us call it 3 mils at point A-- and point A, as Your Honour knows, is just this side of the Quebec-Labrador border

Mr. Roberts:

The reason for it being sold here is so that the sale takes place in this Province, and the reason why it is called point A, I was always told, is that the Government of Quebec, just rather childishly refused, and their agency, Hydro Quebec, equally childishly refused to admit the fact that we own Labrador. They are willing to deal with us, they are willing to make a deal with BRINCO, with CFLCo operating under authority of a lease ratified by this House and granted by the government, but apparently they did not want to sign a document, a contract, an agreement with, you know, that Labrador belonged to us. So it is so-called point A. In any event, it is the point at which the Hydro Quebec takes delivery of the power they have agreed to purchase.

And even with the interest adjustment factor, which is a significant one, we are talking of a power price of three and a half mils, which by any man's standard is pretty cheap power.

MR. SMALLWOOD: Three and a half?

MR. ROBERTS: 3.52 mils was the figure which I believe the hon. minister gave us, 3.52 mils for the first forty years, for roughly the 4,800 megawatts that Quebec Hydro have agreed to take. I can give the hon. gentleman, if he wishes, a figure in kilowatt hours but it is 2.77 at point A, going to 3.02, the current estimate, when the final price is set and then adding in the interest adjustment factor of .5 mils, it comes to 3.52 mils estimated for the first forty years of the contract.

MR. ROWE: That is right.

MR. ROBERTS: It will be a little less than that in the second twenty-five year portion, the final portion of the currently existing contract.

Now, Mr. Speaker, it is not entirely one-sided. You know, without Quebec Hydro there would have been no project, and without Quebec Hydro's agreeing to buy a massive block of power there would have been no project, and without Quebec Hydro agreeing to the completion guarantees and the interest adjustments and to all of the other performance guarantees, and all of the other obligations

Mr. Roberts:

they undertook there would have been no Upper Churchill project.

MR. LUNDRIGAN: At that time.

MR. ROBERTS: The hon. gentleman says at that time. Even today,

I mean, even the Minister of Industry - we can agree on one thing that the only potential customer for the Upper Churchill power is Hydro Quebec.

MR. LUNDRIGAN: As "John" said.

MR. CROSBIE: at that time.

MR. ROBERTS: No, hold on now, even at this time, we do not have a customer for the Lower Churchill power, 1,800 megawatts, where would we get rid off 5,255 megawatts?

MR. LUNDRIGAN: Enticing people to come here.

MR. ROBERTS: Ah the hon. minister talks of enticing people to come -

AN HON. MEMBER: Oh, oh!

MR. ROBERTS: - and I say foosh.

MR. F. POWE: You cannot do it for -

MR. NOLAN: How do you spell that?

MR. ROBERTS: My friend from Conception Bay South has asked how I spell it, f-o-o-s-h, He may have had a different spelling in mind.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: But, Mr. Speaker - it is a very good word!

The fact remains that without Hydro Quebec I do not think there would have been an Upper Churchill development. Now you can never prove the contrary, you can never prove an negative. All I will say is that hon. gentlemen opposite have had at their disposal for two years now a block of power of 1,800 megawatts which we know can be developed, reasonably cheap-priced power by today's standards, and they have not sold one single kilowatt hour, even one single watt hour of it. They do not have a contract in hand now, They have trotted around to every aluminum business in the world, and everybody else who might possibly be interested in it, They do not have at this time a contract, and that is why the whole project is in slings, that is

MR. ROBERTS: the simple reason, you do not need any fifty-five page statement by a minister to say that. The reason the Lower Churchill is not going full steam ahead right now is that there is no customer.

MR. DOODY: We would not give away the power.

MR. ROBERTS: The hon. gentleman says they would not give away the power.

MR. DOODY: ERCO is finished.

MR. ROBERTS: Mr. Speaker, the hon. gentleman is so wise, the hon. gentleman is so filled with wisdom, we will see what the hon. gentleman's record of development is. To date, Sir, the government's record of development has been something less than stellar. The point I am making, Sir - the hon. gentlemen opposite are a little sensitive but we carry on - the point I am making is that I agree with the Minister of Mines and Energy that the time has come when we should attempt to reopen the contract between Hydro Quebec and CFLCo to renegotiate it. Now I say 'attempt', because I understand, I have not had all the legal opinions in Canada to advise me but I think my understanding is a full and a correct one, that the contract between Hydro Quebec and CFLCo is legally binding, is in force and effect and it is my understanding that the only way in which it can be renegotiated is if both parties agree to a renegotiation.

MR. SMALLWOOD: Is that so?

MR. ROBERTS: The hon. member for Twillingate, Sir, maybe -

MR. SMALLWOOD: What about this House?

SOME HON. MEMBERS: Hear, hear!

MR. SMALLWOOD: If I may, if the hon. Leader of the Opposition will allow me?

MR. ROBERTS: If it is a question and not a speech.

MR. SMALLWOOD: I will make a speech, I hope, later tonight. But if this legislature can take away Churchill Falls and everything connected with it from BRINCO and Churchill Falls Power Corporation, can this Legislature not do almost anything it likes to do if it wishes to do it in connection with whatever presently exists?

MR. ROBERTS: Mr. Speaker, I thank the hon. gentleman. And he is asking the question rhetorically because he knows as well as does any hon. member that this House within its Legislative competence as laid down by section 92 of the British North America Act, may do anything it wishes, it may declare, if it is a matter within that section 92, it may declare a man a woman -

MR. SMALLWOOD: Yes.

MR. ROBERTS: - at law - It cannot do it physically or biologically but it legally can do it. The only thing is, Mr. Speaker - and surely the ministry could bring in a bill today and declare that the contract is null, void and of no effect whatsoever, bingo! The only thing, then, is we would have to bear in mind is that we would have to be prepared to take the consequences, and that in itself is enough to make any suggestion of unilaterally abrogating that contract of being insane, of being dangerous to the point of insanity, and I do not think the hon. gentleman was suggesting that we unilaterally abrogate it but if he was then I reject it. If this House or the government which is the possessor of the majority in this House were ever to unilaterally abrogate that contract, would we ever again be granted by anybody in the world a nickel? We borrow what did we borrow? We borrowed \$30 million the other day in Europe. What we are really doing, Sir, when we borrow money, where people are giving us money in return for what, a contract, a contract that we, the Government of the Province or the people of the Province will pay them back.

Hydro went out and borrowed \$25 million the other day. The Minister of Finance told us of two issues, one was -

MR. DOODY: Municipal financing.

MR. ROBERTS: The municipal financing - I mean it is just a matter of contract and any suggestion that we unilaterally abrogate that contract is tantamount to, you know, suggesting that as a Province, or at least as a corporate entity the Province, would commit suicide. It is unthinkable. The only way that the contract can be changed is by mutual agreement. Should we or should we not? Well, obviously we should. Will Quebec go along

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MR. ROBERTS: with us? I do not know. I would hope they would. I think there is a strong case to be made in equity, a strong case to be made that the contract now is unconscionable, that the circumstances

MR. ROBERTS:

now applying were not foreseen nor were they foreseeable at the time that contract was entered into in the mid 1960's. If Your Honour were to have made a graph showing the price of hydro power in North America in the last forty years, say from 1925 to 1965, that graph, Mr. Speaker, would be almost a flat line because the price of power, hydro power, had not changed in forty years significantly. Everything else might have gone up. A Ford motor car would have cost \$500 or \$600 in the 1920's and would have cost \$3,000 or \$4,000 in the 1960's. Everything else had gone up but hydro power, I am told that the graph showing the cost of hydro power has remained almost flat for forty years.

Then, of course, through a series of circumstances that nobody appreciated, it has taken off and power which was reasonably priced in the 1960's, the three and a half mil power which was reasonably priced in the 1960's, has now gone to, you know, the point where twenty or thirty mil power is not unreasonable in given circumstances. Certainly three and a half - I am sorry?

MR. DOODY: Seventy-five mils on Manhattan Island.

MR. ROBERTS: Well the hon. Minister of Finance says it is seventy-five mils on Manhattan Island. Well that is, I would suggest, an extreme example. But the fact remains that power prices have escalated in a way that nobody ever expected. It is all very well to stand now and say, oh how terrible it is and all that. Who is to say but five years from now whoever of us who are standing in this House will not be saying what a terrible mess we made of it back in 1975 because nobody knew that such and such would happen. I mean, how much money we could have all made on oil if we had only realized a few years ago that oil which was three or four dollars a barrel would be going to ten or twelve dollars a barrel and then on and on up? We could have gone out and brought future contracts in oil. We could have solved all our financial problems a hundred times over. The wisdom of hindsight is an empty exercise.

I think the contract should be renegotiated. I think that

MR. POBEPTS:

should be the position which the government of the Province take. Hon. gentlemen opposite I think probably agree with that. I would assume that the gentleman from Twillingate (Mr. Smallwood) would. If he did not I would be quite shocked. But if Hydro Quebec said no, and if the government of Quebec said no, and if we had no means to persuade or to pressure them, I would think the suggestion of unilateral abrogation is just unthinkable. It would have to be rejected. I would stand by that. If this Province -

MR. SMALLWOOD: What is it that is unthinkable, what?

MR. POBEPTS: Unilateral abrogation or unilateral altering of the contract. In other words, passing a bill saying that instead of 3.5 mils, Quebec Hydro shall pay 13.5 mils or changing any clause of it, putting in an escalation clause by legislation, changing the term by legislation.

MR. SMALLWOOD: Or nationalizing it.

MR. POBEPTS: Or nationalizing. And this House, Mr. Speaker, did not nationalize Brinco. The threat was made. Notice was on the Order Paper but -

MR. SMALLWOOD: That is splitting hairs.

MR. POBEPTS: The hon. gentleman thinks it is splitting hairs. I would suggest to him, Mr. Speaker, that he is wrong. He will have the opportunity to state his view. Brinco sold their shares in CLPCo. They may not have sold willing or happily but they did sell. They could have -

AN HON. MEMBER: Profitably.

MR. POBEPTS: Very profitably. They could have resisted but again Mr. Smith's book has a marvellous chapter on it. I think it quotes Mr. Mulholland - I assume accurately. I do not think Mr. Mulholland has not talked to me about this - but it quotes Bill Mulholland in the description of the negotiations which went on between the government on one hand and Brinco on the other after the Premier in behalf of the government had put down a bill on the Order Paper, notice, it never got - I do not know if a bill was even drawn up. But I know

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MR. ROBERTS:

there was a notice on the Order Paper of a bill which would apparently judging from its title give the government the authority to expropriate the Brinco shares.

But it suggests that

MR. ROBERTS: Sir Val Duncan first made the suggestion, Sir Val Duncan the great industrial statesman who was the head of RTZ who were a major shareholder in BRINCO that Sir Val Duncan, page 373, that Sir Val Duncan was the first man to suggest - I may have the wrong page - was the first man to suggest to the government that instead of taking over BRINCO the company sell the shares.

BRINCO was not nationalized. They may not have made a willing sale, they certainly did not go looking, they certainly did not go looking for the opportunity to sell. But once they realized the government had the power, the government were sovereign, or the House was sovereign, and government had a majority in the House - a very handsome majority at that point - the company came to grips with reality and they said, "All right, we will sell." So it was not that. BRINCO were not nationalized, BRINCO still exists as a corporate entity, as a company. I do not know what they are doing. They are still doing some activity in Newfoundland. The Brinex are still at work, there is still some suggestion of BRINCO developing the uranium in Labrador, the limestone out on the Port au Port Peninsula -

MR. SMALLWOOD: But it was not BRINCO that was nationalized, it was Hamilton Falls - or Churchill Falls Power Corporation.

MR. ROBERTS: Mr. Speaker, the hon. the member for Twillingate (Mr. Smallwood) has strong views on the subject. I do not happen to agree with his views but that is by the by. I will say that the Government of this Province purchased voluntarily -

MR. SMALLWOOD: No.

MR. ROBERTS: Well, Mr. Speaker, the hon. gentleman can state his own case.

MR. SMALLWOOD: Oh! Come on! Come on!

MR. ROBERTS: The hon. gentleman can state his own case.

MR. SMALLWOOD: Voluntarily!

MR. ROBERTS: He will have ample opportunity. He has what I submit is some kind of tunnel vision on the point. Understandably so. If I had spent as long working to make a company or project - the company is

MR. ROBERTS:

irrelevant - make a project come into reality I would probably be caught up in it. I know a little of some of the effort the hon. gentleman put into it. I do not think the story is told even in this book by Mr. Smith. It is a very great story and the hon. gentleman deserves credit and will get credit, but, Mr. Speaker, that does not take away from the reality of the situation. The reality is that the government of this Province purchased the CFLCo shares. It was a negotiated sale. BRINCO did not -

MR. SMALLWOOD: Negotiated?

MR. ROBERTS: BRINCO, Mr. Speaker, did not want to sell their shares initially. They may well have accepted it as the lesser of two evils.

MR. SMALLWOOD: With a gun at their head? With a sword at their heart?

MR. ROBERTS: Mr. Speaker, the hon. gentleman can say what he wishes. I may not be as close to BRINCO as the hon. gentleman, and I certainly have no privileged information on the matter, but I know what was said publicly and I know what was done publicly, and I know that men of the stature of Mr. Mulholland and Sir Val Duncan would not give in under duress.

MR. SMALLWOOD: No?

MR. ROBERTS: The hon. gentleman (Mr. Smallwood) can say what he wishes, Mr. Speaker. I do not think Bill Mulholland or Sir Val Duncan would give in under duress.

MR. SMALLWOOD: Nonsense.

MR. ROBERTS: The government might have taken - Mr. Speaker, the hon. gentleman (Mr. Smallwood) says nonsense.

MR. SMALLWOOD: Yes, nonsense.

MR. ROBERTS: He may believe it is nonsense.

MR. SMALLWOOD: I know.

MR. ROBERTS: I happen to think the hon. gentleman's view is something less than correct.

In any event, Sir, let the hon. gentleman (Mr. Smallwood) when he gets his chance, which will be shortly, say what he wishes and

MR. ROBERTS:

we will listen with interest.

Now, Sir, as I was saying, I want to make the point that I believe the CFLCo-Hydro Quebec contract should be renegotiated and I will emphasize again the point that that contract can be changed only by bilateral agreement, It cannot be changed unilaterally. Maybe we have the legal power to do it, but I would think it would be a counsel of extreme foolishness, foolishness amounting to insanity, if that is what this Province were to do. We cannot live as a house alone and to change the contract, be it a good deal or a bad deal, to change the contract unilaterally is just unthinkable

Mr. Speaker, let me come back to the question I asked; How are we going to deal with our power needs in this Province, because I think that is getting far closer to the heart of the problem that faces our people, or the government today, than all the foofaraw about whether BRINCO was nationalized or CFLCo was nationalized or this or that. That is of interest. It may even affect the present situation remotely but, Sir, the problem is, quite simply and quite starkly, we are going to need power in this Province today, not power for industrial development, power to keep the lights going, Sir, and where are we to get it? Where are we to get it, Sir? That is the question.

The minister's statement has in it a statement, an assertion that power consumption is going up at about 8 per cent a year and I think, and I am told by the knowledgeable people to whom I have spoken, that that is probably a conservative figure.

MR. CROSBIE: It is supposed to be.

MR. ROBERTS: Well and good! The minister says it is supposed to be conservative and so it should be because if we are going to err let us err on the side of conservatism with a very small 'c' in this sense.

Now, Mr. Speaker, on a present power consumption of 900 megawatts, which is about what the Island is consuming. As a matter of fact it is about what the Province is consuming, excluding the industrial developments in Western Labrador because the power consumption of the rest of Labrador is really quite infinitesimal, maybe five or ten megawatts. We will need at least seventy-five megawatts of capacity each year indefinitely. I say it will be more than that because the figure is compounded every nine years, a sum that is increased by eight per cent a year, doubles itself every nine years. It is roughly of that order, Mr. Speaker. The point remains we will need to have installed in this Province each year at least seventy-five megawatts of power capacity. I have not worked that out in kilowatt hours but seventy-five megawatts gives a certain quantity of energy. The capacity of it is seventy-five megawatts. It has been laid down as public policy for many years, the mid 1960's, as I recall it, it is laid down as public policy that all future generation of power in the Island - let us leave aside the Labrador part for the moment - but here on the Island all future power generation would be the responsibility of the government of this Province exercised for these purposes through the agency of what is now Newfoundland and Labrador Hydro, then called the Power Commission.

So then the Power Commission or Hydro to use their correct name now - must develop at least seventy-five megawatts of capacity each year. If not we face not the alternatives lined out by the minister today, because he was speaking of a different situation. We face the simple but quite unthinkable situation that you will turn on a light and you will have less power than is needed to make the light work. The voltage will drop. You will have the sort of brown-outs they had in New York state and that promptly goes on from bad to worse. It is an unthinkable situation, an untenable situation and indeed one of the reasons why one must fault the

MR. ROBERTS:

administration in their handling of our power needs to date is that they have not in my view made adequate preparation to meet that growing power need. How are we going to meet those needs, Mr. Speaker? The only excess capacity I understand we now have in the Province is the thermal plant at Holyrood. The thermal plant at Holyrood is very expensive power, as the minister pointed out today. I think he used the figure of thirty mils. One of the reasons it is expensive is that it is thermal power, oil fueled. The other reason it is expensive is that it is used for only a small proportion. I do not know if the minister has a figure. Perhaps the minister might have a figure on what is the load factor of the Holyrood plant? Is it forty per cent? Maybe the minister could find out because I think it is significant. Well the fact remains it is there as peak power. It has two 150 megawatt capacity generators. It has 300 megawatt capacity. I understand that this winter for the first time the system will regularly require the use of the second 150 machine.

So in other words we are now in - that is the last piece of unused power capacity in this Province, Mr. Speaker, at present. I am not talking about undeveloped capacities. There is a lot of that, but of capacity that is in place, developed, that can be utilized.

The distinction between in place and developed is very important because you are talking a minimum of four or five years lead time for almost any type of new capacity. So we will be into that this Winter. It may see us through next Winter on a peak power basis, because, as Your Honour knows, the power consumption goes up and down. Obviously we use more power in the night than in the day. Obviously we use more power in the Winter than in the Summer, particularly for heating purposes. So we must be prepared for peak power. The capacity must be adjusted to provide peak power.

So, Mr. Speaker, there are no significant reserves at Holyrood. The Holyrood plant has enough power, I understand, for this Winter and for next Winter. But if nothing more is done beyond that, at some point the Winter after that we will run out, not run out of electricity - we will still have what we now have - but we will run out of the ability to provide new electrical sources. Or the analogy that was put to me by a gentleman

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MR. ROBERTS:

very knowledgeable in the field was we would be in somewhat the same
situation as the house builders are now in the city of St. John's where
new

houses cannot be built within the City of St. John's because there is not enough water available to supply them. So until the Bay Bulls Big Pond project comes on stream as it will shortly, a year or two from now, development is temporarily held up. Well we could be in exactly the same position.

Now where oh where do we get the power? The minister this afternoon outlined some of the proposals. Some I think are definite and others are merely under discussion. There are, I think, as I understand it, two under construction. One is a fifty-four megawatt generator out at Stephenville, a thermal fuelled plant, a very expensive plant. It is a gas turbine, very expensive, expensive power. I do not know what the machine will cost. The minister gave us the figure. I did not note it down.

In addition we have the Bay d'Espoir development which will put about another 150 megawatt capacity onto the system. So that would give us 200 megawatts, another -

MR. GROSBE: It is capacity, by the way. I was mixed up. It is capacity.

MR. DOBETS: I was saying to the hon. gentleman it was capacity. Yes, it is capacity. Capacity is the ability to produce, and energy is capacity times time, the total amount of energy produced. I spent about three days trying to learn that. If I learned nothing else, I think I learned that much. But we will have an extra 200 megawatts of capacity when these two projects come on stream. Now it may be a little more than that but let us call it 200 megawatts in round numbers. It may be 208, I am told. That will carry us maybe for another two years. So we are now at most, Mr. Speaker, four years down the road. Four years is not very long. Four years is as long as the hon. gentlemen opposite have occupied the treasury benches. It may seem like an eternity to some but, Sir, it is only four years.

Where do we go from there? The minister outlined a number of other projects. But they are only, as I understood them, they are only under discussion or under consideration. No

MR. ROBERTS:

firm decision has been taken to go ahead. The Hydro Corporation have stated publicly that by the end of this decade we will have an extra 410 megawatts of capacity installed. The minister has told us where 200, let us call it 210, are coming from. We are still short 200 which will presumably all be thermal power. More than likely - I am sorry?

MR. CROSBIE: I will outline it when I respond.

MR. ROBERTS: Yes. Another plant at Holyrood and two more at, probably one in St. John's, I am told, and one in Central Newfoundland would be the most sensible ones, having in mind the load distribution and providing some security on the system.

So, Mr. Speaker, the point quite simply is that the government have not in my view, in our view, come to grips adequately with this problem. We were told in this House in 1974 that Labrador power was the answer. Indeed one of the great arguments in favour advanced by the government, in favour of their proposals to buy CELCO was that we would have Labrador power by 1980 or 1981. Yet that is not true. It just is not correct. We are now in a position where to meet the power needs of this Province we are going to have to go in for the most expensive form of power known, that is relatively small scale thermal plants, oil fired, oil fuelled because the so-called gas turbines are, I am told, they are turbine engines like the old Dart Heralds, the same principle. I am not suggesting the same engine but the same type of principle. Of course the Holyrood plant is a steam plant which uses oil to generate the heat that in turn is used to convert water into steam and thus drive the turbines.

So, Mr. Speaker, when we come to look at a resolution which requires, as does this one, that the House approve the way in which the government have acted in the development of our resources to meet our needs for power, our needs for electricity, that I think is one point that must be put against them in the balance. They have not acted with sufficient prudence and wisdom. All of these needs could have been foreseen and were foreseen. There is no secret about

MR. ROBERTS:

any of them. Even today the minister cannot tell us where we are going to get the power beyond the next two or three or four years or if he can, he has not. Maybe he will.

MR. CROSBIE: If we do not get it from Gull -

MR. ROBERTS: Ah, the hon. gentleman says, if we do not get it from Gull. I will come back

MR. ROBERTS: to that 'if' because Gull power could never have been brought here in the time they said it could, and the result is we have lost two or three years, fiddled away, we are going to pay the cost in higher energy costs on the Island even before Gull comes in.

The Bay d'Espoir development is an unusual one. Let us just look at it. The government are installing, the Hydro Corporation are installing an extra 150 megawatts of capacity at Bay d'Espoir, a seventh machine, a seventh generating machine. The water going over the Bay d'Espoir dam, I am told, is adequate to run that machine for a brief period, but there is no new water in the system, as the minister told us today. He confirmed that or told us today, there is no new water going in the Bay d'Espoir drainage system. The quantity of power that can be produced, and this is where the minister I think got somewhat astray this afternoon, the quantity of power that can be produced from a given amount of water is not increased at all by putting on an extra generator. The power is there. The power is the amount of water times the drop and unless there is more water or a greater drop you cannot get more power out of it. There may have been some water being wasted, but I will tell you what is happening. What is happening, as I understand it, is that the Bay d'Espoir seventh machine, the 150 megawatt machine, was put into place predicated on the extra water supply which would come from the so-called Upper Salmon diversion, the Lloyds River diversion and that would have then seen a dam put across - is it King George IV? - my friend from Windsor - Buchans - knows a great deal about it because he helped to lead the outcry that quite wisely stopped that diversion from going ahead. But a dam would have been put on the river which now flows generally northeasterly, the water would have been diverted to the South and to the East and come down through the Bay d'Espoir water shed into Long Pond, down through the penstocks, through the turbines and making power. And so it was planned to increase the water supply and also to increase the generating capacity more or less matching them. But then the government came to their senses and remembered that the Lloyds River diversion should not go ahead, that the cost in environmental and ecological and tourist terms and other considerations was too great, so we now have the generator going in but without any extra water

MR. ROBERTS: going through, or, I am sorry, any extra water available. We have the same amount of water now as we had before.

I would ask the minister in closing to deal with this point because it is of great concern. The point is -

MR. DOODY: It turned out to be true.

MR. ROBERTS: Mr. Speaker, the point is that the Bay d'Espoir generator I am told cannot be run at full time using the water that is in that system. There is not enough water in the system to run the seven generators full time. We may be able to run seven all at once for a brief time, but that will use up the water. There is only so much water goes into a watershed, into a dam, into a reservoir in the course of twelve months, Mr. Speaker, and quite exhaustive records are kept. We all know what happened when Bowaters the last few years found Grand Lake, their reservoir, low. Then concern over power, great concern over power in Western Newfoundland. More power had to be shipped in from Eastern Newfoundland, over the grid system.

So there are serious questions about Bay d'Espoir, serious questions about the amount of water available, again foreseeable, because the Shawinigan people - or Shawmont, in the Shawinigan Montreal Engineering consortium did quite an exhaustive study a number of years ago, three or four years ago, five or six now, ADB paid for it, about twelve volumes of the water resources of the Island of Newfoundland and it looked at all the water resources and looked at all the records and all the data and came to the conclusion there were certain amounts of water capacity available that could be made into generating capacity.

So that is the second point, the Bay d'Espoir development. We have not got, I am told, enough water available to ~~make~~ those seven machines run full time.

MR. CROSBIE: That is complete twaddle.

MR. ROBERTS: The hon. gentleman says it is complete twaddle, let him produce some evidence. I say, Mr. Speaker, that the seventh machine at Bay d'Espoir was predicated on the Lloyds River Diversion, but when the Lloyds River Diversion was put aside and put back, the government were

MR. ROBERTS: so heavily committed, particularly in terms of prestige, and this government, Mr. Speaker - sure the whole Lower Churchill thing was a hoax all summer long, they were so heavily committed in prestige

Mr. Roberts.

they said, we will go ahead with the seventh generator, we will use it for what amounts to peak power. There is not enough water in that system. And the government have got to tell us where they are going to get the extra water because the Bay D'Espoir system, Mr. Speaker, did not have very great reserves of water even with six generators in it. Originally there were five, and the sixth was put in when the Western waters were brought down, the Grey and the White Bear were brought into the system, phase two of the Bay D'Espoir development. The fact that there was not a great deal more water available was the reason why the Holyrood generating plant went ahead in the first place. It was expensive power when it was put there. Not as expensive as it is now with the price of oil having risen, but it was expensive power. It was peak power. It is infinitely cheaper to develop hydro power if we can get it.

So the minister can deal with it. I may be wrong. I do not have access to all of the giants that he has advising him and all of the great studies and things that he has. But I will say that our record on this side on these questions have been at least as good as his. The minister has been consistently wrong on his power estimates, on his costs of developing the Lower Churchill. We have been wrong. We have been right. We do not have access to vast high paid staffs. We have a few friends who may give us some information. We have a little bit of intelligence we can bring to bear. The hon. gentleman time and time again has made a statement which we have challenged and he has pooh-poohed it, and then events have shown that his statement, Sir, is made of hushwah and not anybody else's. Mr. Speaker, the hon. gentleman is foolish of it tonight.

Mr. Speaker, the first point then is that we are going to be short of power in 1977, 1978, 1979, and the government have at this stage not predicated any firm plans to deal with it. They only have enough power, I am told, to get us over the hump to about 1979. We are now into expensive power and the system will have to bear the costs. I can hear it now. A year or two from now the Newfoundland

Mr. Roberts.

and Labrador - I am sorry - the Newfoundland Light and Power Company will be in before the Public Utilities Commission looking for another raise in rates. Why? Because Hydro have told them unilaterally the rates are going up. They have no choice but to pay it. So if the government have made a goof, if we are going to have to be using expensive thermal power, not for peak purposes, but for regular ongoing, major loads - that is what they are talking, not peak power, they are talking regular power, Mr. Speaker - then we, all of the citizens of this Province will be paying a higher price, a needlessly high price. Maybe a fraction of it. It may only be a certain percentage of a ml. But it is a great number of millions of dollars that have been caused by this government's failure to foresee the need and to deal with it.

This is the crowd of gentlemen, Sir, who used to talk about planning. They have known about this, or ought to have known about it, for three and a half years now. Yet they have done nothing except at most put their hopes in the wishful thinking of the Lower Churchill coming through. It has not been a hard-headed approach. Maybe they will end up - this might not be a bad idea - shutting down EPCO. There are 120 megawatts that can come out of EPCO.

AN HON. MEMBER: There are 400 people working there.

MR. ROBERTS: Yes, 400 people and it is costing us \$6 million or \$7 million a year. We would be further ahead to give each of them \$15,000 a year.

MR. NEARY: The worst year was a little over \$5 million.

MR. ROBERTS: Right. So that is \$12,000 a man. I will bet the average income at EPCO is not \$12,000 a man.

MR. NEARY: Close her down and pay them all \$12,000.

MR. ROBERTS: We would be further ahead in dollar terms, Mr. Speaker, to give each of them \$12,000 - \$1,000 a month, \$250 a week. We would not be out of pocket as a Province. We would have 120 megawatts of power available and we would not have whatever environmental hazard it now produces. I am with the gentleman from Trinity North (Mr.

Mr. Roberts.

Brett). There is an environmental hazard at EPCO and everybody knows about it.

MP. DOODY: I love to hear that from a Liberal commissar.

MR. ROBERTS: Right. I was not in the cabinet that signed it but the hon. gentleman was.

MR. DOODY: Of course, you were not.

MR. ROBERTS: Right. Now that we have settled that, Mr. Speaker -

MP. DOODY: I just like to hear the Liberal conscience against the Tory ones.

MR. ROBERTS: Right. At least the Liberals have a conscience, Sir, unlike the Tories.

Now, Mr. Speaker, no government with a conscience could have treated the people of this Province the way hon. gentlemen opposite did, no government could have. No government could have pretended the Cull Island was going ahead when they knew full well it could not go ahead this year. No premier with a conscience, no minister with a conscience could have gone down to Labrador and led the people astray pretending the Cull Island project was going ahead as they did all during the Summer and the Fall when they knew full well it was not going ahead and could not go ahead. They knew it.

Mr. Roberts:

The holdness of it almost staggers me. You would not think that men would be so given to such large-scale deception and flummery and hoaxery.

Mr. Speaker, to come back, one of the points that I would like for the minister to deal with is exactly what we are going to do to get our power needs. The earliest date for Labrador power is 1982, and I will talk about this in a moment or so. I think the minister is being very, very, very optimistic and I will not put a higher frame than that on it. I think he is being extremely optimistic to talk of getting Labrador power on this Island by 1982. But exactly what are we going to do? The minister outlined today capacity, which I added up - and my figures might be wrong, he was going rapidly - being 505 megawatts of capacity to be installed on this Island from now on, and add on, say, 100 at not being used at Holyrood at present, 600 megawatts capacity. That is between seven, no, between six and eight years growth, it may be about seven years growth. Seven years from now in 1982. The power from Churchill will not be on this Island by 1982, not unless all the optimistic forecasts are true and none of the optimistic forecast is not true, it is not realistic to expect. It is not realistic in any event to expect it, so what are the government going to do?

They have not dealt with that at all. All of the minister's speeches and statements have not dealt with that simple fact but a very important fact.

Now, Sir, the Lower Churchill, by the way, is no answer to our immediate problem. It could not be here in time, as I have said, and even if it could we have a very real problem which we will go into in some length because one of the difficulties of the Lower Churchill is that it is either 1,800 megawatts or nothing. And the hon. gentleman opposite today spoke of front end loading, which normally is a clause, I thought, which was only used only in the securities industry to describe the infamous mutual funds where the purchaser of the mutual fund pays all of his commission right at the start of his contract, he may have a five or ten year contract. But in any event

Mr. Roberts:

the point is a valid one. With hydro power all of the cost is incurred early on in the life of the project and right from the start of the project it has to be serviced, serviced in full.

So one of the problems in dealing with the Lower Churchill is that it is such a massive quantity of power, 1,800 megawatts, and that has to be paid for right from the start, and if only one megawatt is purchased, if 1,800 megawatts are purchased or one megawatt is purchased there still must be an amount of money paid for it, Sir, the same in each case, because the running costs of producing one megawatt as opposed to producing 1,800 megawatts are almost the same to the tenth of a mil.

Mr. Speaker, the government have made no adequate provision for our power needs and I see no real evidence even now that they are moving to meet it. It is a foreseeable need, one that they should have met. I think there is still potential on this Island that could have been developed. Bowaters, I am told, wanted to develop the Hynes Lake development, thirty or forty megawatts, it would not have cost the Province anything. They have been stopped. The Cat Arm project, the Ten Mile Pond north of the Plum Point to Roddickton Road, there are a number of projects around this Island which, I am told, again I do not pretend to be an expert, Sir, and I do not pretend to have access to the experts at the Hydro Corporation, but there are potential hydro developments in this Province which could and should be developed because apparently they would be cheaper than this thermal power we are into.

In any event let the minister dilate upon this one when he replies. I think it is an important point, and I put it forward with great seriousness. Because remember, Mr. Speaker, the first concern must be to ensure that we have adequate power available. If the government do not do that, Sir, they are guilty of the most serious dereliction of duty any government could be guilty of.

Mr. Speaker, my second question dealt with the Lower Churchill project itself and the question of how we should use it, and we should develop it. Now before we go any further let me state some

Mr. Roberts:

assumptions that, as far as I am concerned, are common ground, everybody can agree on. First of all it is technically feasible to develop the Lower Churchill and to move that power to the Island of Newfoundland. I will put a little caveat on the tunnel or crossing the Straits. But there is no doubt

MR. ROBERTS: that it is technically possible to do it. There is no argument at all there, no need for an argument. Equally there is no argument to that power, Lower Churchill, is potentially the cheapest source, the cheapest source of power for this Province. It is reliable power, given always the caveat on the transmission but, you know, we in St. John's now, all our power comes in over the power lines from Bay d'Espoir and if somebody driving out through Come By Chance where there is that double "s" on the Trans-Canada, goes off the road and knocks off the, whatever they are called, the towers that carry the conductor, the power supply in Western Newfoundland would dry up like that! Everything would go black and we would have very few generators - the Holyrood plant would come on, and what little capacity there is on the Avalon would come on - but there is not nearly enough to keep the City of St. John's going, let alone Conception Bay or Trinity Bay or Placentia Bay or St. Mary's Bay or the Southern Shore or anywhere else on the Avalon.

So it is reliable power. It is environmentally desirable power. We have to guard against environmental considerations in developing the Lower Churchill, true, but the fact remains that the hydro power, you know, we do not even need to discuss it. It is environmentally a very nice form of power development, certainly compared to the alternatives.

Equally, Mr. Speaker, it must be common ground that we need that power in Newfoundland. Exactly when we will need it nobody seems to know but I think the generally accepted figure is somewhere in the 1980's or 1990's. We will need the quantity of power. It tends to vary, and different people have different calculation rates and it depends on assumptions - are we going to get any industrial development or not to use it, or are we just going to need it to heat our homes and to light our homes and schools and offices and what have you. But somewhere in the late 1980's or early 1990's, at some point that 1800 megawatts of power, as far as we can now foresee, will be consumed entirely within the Island of Newfoundland on

MR. ROBERTS: presently existing or presently foreseeable developments, and I am not including for these purposes any significant industrial developments, certainly no heavy power consumers.

So the question is: if that is all common ground - as far as I am concerned it is common ground for this side, at least. The hon. gentleman from Twillingate may take issue. The hon. gentleman from LaPoile may take issue. But I do not take issue with that. I think those are agreed facts in my eyes - where the problem comes, Sir, is how we are going to use it, and that, Sir, is where the government have fallen down. I think they have fallen down very seriously.

The development is feasible only if there is a customer, only if there is a customer, only if there is a customer who will buy all of the power or agree to pay enough to have effectively bought all of the power, if that is not present there can be no development and that is why I said that even if BRINCO still owned the CFLCo Company, if the people of Newfoundland through the government had not taken it back, we would still be faced with that ironclad fact. It is going to cost some large sum of money, let us call it \$2 billion in round numbers to develop the Lower Churchill project and the transmission lines and other ancillary and related features. That debt must be serviced. The only way to service it is from the revenue that comes in from power sales. So there must be a customer. That is the role Hydro Quebec played in the Upper Churchill development, and quantity is very important as well.

Now, Mr. Speaker, so far all I have done is make a stunning insight into the obvious. But it is important, and it is basic in our consideration of this question, because hydro power cannot be phased in. Oh, you do not have to use it all at once. You can just let it go. It cannot be stored. A hydro project, maybe you do not have to put the generators in, you can leave empty holes in the generating plant or not put the turbines in, but the installed capacity is there from the first moment. You cannot build the Lower Churchill project so that it only produces 100 megawatts or 200 megawatts or 300 megawatts. You can only defer that small portion of the project cost which is

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MR. ROBERTS: represented by the generators. You can leave a hole. That happened in Bay d'Espoir. Originally there were only five generators in Bay d'Espoir, but there was a place left in the great power station for a sixth, and eventually it was put in and now we are getting a seventh

MP. ROBERTS:

and that means a building has to be built on, an addition has to be put on. Mr. Speaker, we keep coming back to the central problem. The central problem is, where is that customer and who is to be that customer? The Minister of Energy - he was then Minister of Fisheries - said in June, 1975 in the House here that the customer was us, the people of Newfoundland. Maybe that is to be so. Certainly given a period of fifteen to twenty years we will need that power. We will have used it all. We are going to need that capacity on the Island by some point in the late 1980's or early 1990's. You can argue over where it is, Mr. Speaker, but it is some point in that period, an easily foreseeable period in the time frames at which we should be looking, we are going to need that quantity of power here and we either get it from Labrador or we get it from thermal power of one kind or another, be it oil fired or be it coal fired or be it nuclear.

MP. NEARY: Windmills up in Holyrood.

MP. ROBERTS: Well, maybe windmills. The windmills in the House here at times would be a very productive, or even solar power.

MP. NEARY: If you could only harness it!

MP. ROBERTS: Or solar power, if only we had sun. But, Mr. Speaker, if we are going to be the customer - and the government have not yet said this. Ah, the minister said it in debate, but it is like many other things he says in debate. He may or may not be saying the policy. He is just also playing his little debating games - if the customer is to be us, is to be the people of Newfoundland, I think the people of Newfoundland should be told, should be told exactly what it is going to cost them. Oh, I realize they do not know to the last fraction of a mil, but the general idea. How much will the people have to pay, not just how many millions added on our debt, because it will add on \$2 million to our debt and our debt now - \$2 billion I am sorry - our debt now by the government's, these are not necessarily their latest figures but they admit -

MP. SMALLWOOD: Two? Two?

MR. ROBERTS: We will come back to that. I am only playing - I am talking now of a - I am just picking a figure. I will come back to the essence later.

MR. SMALLWOOD: They said two point three.

MR. ROBERTS: Yes, they started at one point two and they have been going up and up like a bingo game.

MR. SMALLWOOD: Two point one.

MR. ROBERTS: But, Mr. Speaker, the total direct debt of this Province now is \$1.2 billions. The government claim that the direct debt, net, is only \$570 millions but that is some interesting bookkeeping. That includes such things as deducting the \$164 million in Linerboard. Well that cannot be deducted in any accurate statement of the Province's financial things. We are told we are not going to get that money back. It includes \$25 millions in the Housing Corporation. Well, we are not going to get that money back. That is gone and it may come back in payments over a period of years but it is not going to reduce our direct debt.

The fact remains that if we agree to buy that power then we are on the hook, we the people of Newfoundland, for whatever the cost is, be it \$2 billion or \$3 billion or \$4 billion or \$5 billion. It is what Hydro Quebec did on the Upper Churchill.

MR. NEARY: Well, we could sell the surplus.

MR. ROBERTS: Well, we will come back to it. We may or may not be able to sell the surplus. That is a problem, a very real problem. Mr. Speaker, the fact remains that the government have not told the people this. They have not told us what is involved. They have not told the people what it will cost. They have not pointed out that we must, as a people, begin bearing those costs in full as of the date the project gets underway.

If Your Honour can visualize graphs, or if I can try to convey it, consumption goes up at a gently sloping line, at an angle. Power production, or power capacity, goes up in great giant steps and we have to pay the difference between that step and the gently rising line, millions and millions and millions and millions

MR. ROBERTS:

and more millions of dollars each year have to be paid either by the taxpayers of the Province through the government, or paid by the power consumers of the Province on their power bills. I think the government, in coming to this House and seeking approval for what they have done, should begin by making that fact clear in all of its ramifications. And they have not. There is nowhere in all of the government's propaganda, nowhere is that point made clear. There are no figures available. As

MR. ROBERTS:

close as they come to it is the minister in his statement, quite near the end, said that we cannot afford to pay it, cannot afford to borrow it, let alone to service it - a staggering, staggering admission, one that has grave implications. Here we are now, Sir, not able to give the people on welfare a rise to keep up with the cost of living now. They are going to get shafted. We cannot afford to build any new hospitals in this Province. Next we will hear we cannot afford to run the ones we have got. Yet here we are going gaily ahead on a couple of billion dollars worth of expenditure which apparently is going to have to be paid by the people of this Province directly through their taxes or directly through their power bills. It has to be paid one way or the other.

Now we come now to the suggestion the gentleman from LaPoile just made: Can we sell the surplus to Quebec? Well that is an attractive thought. But to begin with, Sir, Quebec has large quantities of power coming available to it from the James Bay development which will come on stream late in this decade or early in the 1980's. I do not know whether they are going to have a surplus of power or a shortage of power or not. Even if they will buy it from us, for whatever reason, it is a buyer's market. They are the only possible customer on even a short-term basis, and a short term is five, ten, fifteen years, there is no incentive - the hon. Minister of Finance is -

MR. DOODY: We cannot hear you.

MR. SPEAKER (Dr. Collins): Order, please! Order, please! The hon. minister has difficulty making himself heard and another hon. minister has difficulty hearing, so I would ask those who are having other conversations to take consideration of those facts.

MR. SMALLWOOD: The hon. Leader of the Opposition, Mr. Speaker?

MR. SPEAKER (Dr. Collins): I am sorry, the hon. Leader of the Opposition.

MR. ROBERTS: Your Honour, I have not -

MR. SMALLWOOD: The hon. ex-minister.

MR. ROBERTS: That is right, Sir, the hon. ex-minister and the hon. future minister, hopefully, and the hon. ex-Premier and I will in charity leave the point there.

Mr. Speaker, I was asking whether we can sell it to Quebec. I do not think that is a very realistic policy position. I do not think it is putting our faith on a very strong support. I think that, however we solve our problem, Quebec are not going to be the solution. This is the same Quebec, by the way, we want to renegotiate our power contract with. We are not going to get it coming and going. So I think the minister has got to come to grips with that aspect of it. He may not have many more solutions than I have. Indeed there may be no palatable solution to that. It may well be that we have to go ahead and develop it, even bearing the extra cost for a number of years of hundreds of millions of dollars. And it would be that, Sir, because the interest alone on \$2 billion is \$200 million a year. If we are only selling, say, a quarter of the power, that is \$50 million a year attributed against the power, we still have \$150 millions a year to service off in debt alone, on interest alone, Sir. I am not talking of retiring the debt. That has to be serviced as well. BRINCO are going to take in - or CFLCo, I am sorry, are going to take in how many million dollars over forty years just to pay back the \$900 million that was invested in the Upper Churchill project? Staggering amounts of money, Sir, and maybe too large for many people to worry about. But, Your Honour, that large amount of money will come out in the end as so many dollars a month on an individual's power bill. Instead of a fuel adjustment rate we now get on our little power bill each month from Reddy Kilowatt, we will be getting a very large one called Lower Churchill subsidy allowance or built in somewhere. The minister has got to tell us what this is because it is one of the gravest defects in the government's handling of our power needs. The resolution asks for power needs. The resolution asks for approval of the government's handling.

Well, I have just pointed out another area that I think they are seriously deficient in. They have not come clean. They have not told

MR. ROBERTS:

us the full story. They have not shown the people of Newfoundland exactly what is involved. Let me repeat it. We must have a customer before the power can be developed. If the customer is us then we are on the hook from the word go. Quebec, Quebec is not going to do us any favours. I hope they will treat us justly and fairly. But if they buy the power it will be on a good commercial basis for them. As was discovered on the Upper Churchill, Sir, Hydro Quebec are no mean bargainers. They realized

MR. ROBERTS: On the Upper Churchill and they were in the driver's seat, that the choice at best was between the project not going ahead when it did go ahead or going ahead on their terms, and they knew as well there was a belief, which I think was well founded, that the nuclear power option would become much more desirable in the late sixties and it in fact did become.

So Your Honour the government should take us all into their confidence. Let us have their thinking on it. It is not enough just to say, oh we will be the customer, and then try to mock or pour scorn. That is not an answer to the problem. The government have been at it for two years now, They have not solved the problem. There is no magic answer. Let them face up to the realities of it. The realities are there, they must be dealt with. No matter where the power goes, or who buys it, there must be a customer, and I do not think there are going to be any magic industries coming in. We will talk about that a little later but I do not think that is our magic. I do not think we will be getting people coming in wanting to buy 1,000 megawatts of power, or even 500 megawatts of power. I understand the aluminum business is not looking at Newfoundland all that favourably. They are not all that anxious to come into Newfoundland. And they are probably the only industry where power is an all-important element. We do not want another ERCO, God knows. One of those is certainly enough for any country. ERCO came because of power, only because of power. But for that we would have never heard of ERCO.

MR. NEARY: And its pollution!

MR. ROBERTS: Well, there is the pollution, There is everything wrong with ERCO. The most expensive 400 jobs that any country ever got!

Mr. Speaker, let us go on then, still looking at the government's handling of our power matters, of their power policy, their administration of power matters. The minister mentioned briefly the energy task force, and I ask the minister now if he will agree to table the report of the energy task force, will he agree to make it public?

MR. CROSBIE: There should be no harm in it now.

MR. ROBERTS: I mean, can I have a yes or a no, Mr. Speaker. Will the minister -

MR. CROSBIE: Mr. Speaker, I cannot tell you now until I look at it again, it has been a year or two years since I looked at it. I would imagine it would be harmless now.

MR. ROBERTS: I think it should be certainly tabled, Mr. Speaker, and if it is not tabled the reason they will not table it, in fact that is their decision, is that they are hiding something. I think -

MR. CROSBIE: That is childish, Mr. Speaker.

MR. ROWE: That is not childish.

MR. ROBERTS: I think, Mr. Speaker, that the task force should be made public because it was the basic document on which the government allegedly based their actions. The minister referred to it again today, and somehow we did the right thing, we were based on the task force. Well make the document public. Make the document public, Mr. Speaker.

MR. ROWE: If he has not seen it for two years how come he can give this in his ministerial statement?

MR. ROBERTS: Mr. Speaker, the minister, you know, is obviously a little tender on the point and I wonder what is in the document, why are they keeping it secret?

MR. CROSBIE: I am not tender on the point.

MR. ROBERTS: Well now, Mr. Speaker, let the minister make it public. The minister is so allegedly forthcoming, allegedly forthcoming, well let him make it public. Because I think, Sir, that that task force will be very enlightening. I want to know whether the task force did recommend that we nationalize, and the hon. gentleman from Twillingate might be interested in this. It has been put about that the officials said that the best option for this Province in power is to gain ownership.

MR. DOODY: That is not the same as that.

MR. ROBERTS: No, it is not. Nor is it the same as gaining control.

MR. SMALLWOOD: Why is it not the same as that? Why not?

MR. ROBERTS: Mr. Speaker, if the hon. gentleman from Twillingate wants to interrupt me, that is bad enough when I am speaking, but if he wants to get into debate with the hon. Minister of Industry could they please do it on their own time, Sir, either when the hon. gentleman from Twillingate has the floor or the hon. gentleman from Harbour Main - I am sorry, I put him in the wrong portfolio.

MR. DOODY: That is all right.

MR. ROBERTS: I apologize to the minister. I am fully aware that he is now gracing the Finance Department instead of gracing the Industrial Development Department.

MR. DOODY: Amazing Grace.

MR. ROBERTS: Yes it is amazing.

MR. ROWE: It is quite amazing.

MR. ROBERTS: I think the minister is the most amazed of all.

MR. DOODY: Did you say grace?

MR. ROBERTS: The minister might remember that hymn, "I once was blind but could not see."

MR. DOODY: I heard it .

MR. ROBERTS: I am hearing it from him now. Now, Mr. Speaker -

MR. DOODY: Back to work!

MR. SMALLWOOD: That is a Salvation Army hymn.

MR. ROBERTS: How we wander, Sir! It was not a Salvation Army hymn, it came in the great revival of 1803. It was a Wesleyan or a Methodist hymn, and the hon. gentleman from Twillingate, Sir, the spiritual heir of John Wesley, above all should know that.

MR. SMALLWOOD: The last Wesleyan left in the Province.

MR. ROBERTS: Yes, Sir, the last. And Bill Keough had the last forgotten fisherman on the bill of Cape St. George, too. Now, Mr. Speaker -

MR. ROWE: Meanwhile, back at Churchill Falls.

MR. ROBERTS:

- to come back to the Energy Task Force report, I would like to see it tabled. I think that the government have an onus, a duty to make that report public, because they have held it out as recommending that the government acquire ownership of the Churchill project, and I question whether it did. I think it might have recommended that the government acquire control. There is all the difference in the world between control and ownership.

The city council of St. John's, Mr. Speaker, do not own a great deal of the land in the city of St. John's. I do not know what they own, but they do not own all that much, but they control every square inch of land. If Your Honour wished to put up a peanut shop, Your Honour would quickly discover it could only be done if the necessary permit had been issued by Mayor Wyatt and her fellow councillors down at City Hall. They have control but they do not have ownership. That is a very important distinction. So I simply say that I would ask the government to make the Energy Task Force report public. Easy enough. There is no secret in it now. It is a document that is about at least two and a half years old. If it ever had any really confidential information in it, that day is long gone. There is no reason now the people of Newfoundland, who paid for it, cannot know exactly what was recommended. If it is not made public I, for one, will decide that the government are hiding something, and I know what they will be hiding and I will say so.

Now, Sir, that is one point. Second, what I want to know is the government said that the \$160 million cost of the Upper Churchill shares would be a self-liquidating debt. Mr. Speaker, I question that. I think we have been led astray, and I put it no more strongly than that, Mr. Speaker. The only new thing that we got as a Province in return for the \$160 million was a 57 per cent interest in CELCO. We had a 9 per cent interest. We got an extra 57 per cent in round figures, it was 57 per cent and change, to give us a 66 per cent interest in total. That means we are entitled to 57 per cent of the dividends over and above what we would receive

MR. ROBERTS:

before.

Now, Mr. Speaker, as the minister outlined today, with or without ownership we as a Province, as a government, are entitled to get the fifty cent a horsepower rental, the 8 per cent of the gross profit as defined in the legislation before taxes, the 9 per cent dividend, a dividend on our 9 per cent shareholding in the company and our share of the income tax which was 22.5 per cent of the corporate profit. That is even after the pass through of the money returned from Ottawa under the Public Utilities Income Tax Transfer Act, which was usually called PUIITTA, one of these very ungainly acronyms indeed.

So, Mr. Speaker, the ministers figures today show that that came to \$14 million a year. That is what we would get whether or not we had brought the shares of CFLCo. Today he went on and he said that our dividends will come to, our share of the dividends, the 66 per cent of the dividends, will come to \$25 million a year, that is if it is a nontaxable crown corporation, and I assume it will be, and well and good. He then went on quite glibly and said that that means we could repay the debt in twenty or twenty-one years, the debt of \$160 million.

Mr. Speaker, the minister is being too glib by half, far too glib by half, because of that \$25 million, \$9 million of it will come to us in any event. The \$9 million being made up of about \$6.9 million income tax and \$2.0 million the dividend. So we are only getting \$16 million a year beginning in 1977 on the minister's own figures which I have no doubt are every bit as optimistic as the minister could possibly make them. We are only getting \$16 million a year as a net dividend on our shares over and above what we would have got, and I am excluding the horsepower rental and I am excluding the 8 per cent of the gross profits, because they were ours anyway. Maybe I should add in the rental at 8 per cent because that is a profit factor as well.

MR. CROSBIE: The former share was only \$2 million.

MR. ROBERTS: No, Sir, the former share was \$14 million a year before

takeover; \$2 million as a dividend, \$6.9 million as the income tax, \$2.7 million as the rental at 8 per cent and \$2.4 million as the fifty cent a horsepower royalty.

MP. CROSBIE: The \$25 million I meant was dividends alone.

MP. ROBERTS: Yes, the \$25 million was dividends alone. But since there is no longer any income tax, Sir, and there is no - you know, that has to be taken into account, because all of the revenue of the company now, if it is a crown corporation - that is what a crown corporation means in tax law - all the revenue of the corporation is now available, and it is ingenuous at best of the minister not to admit that of that \$25 million at least \$9 million of it and possibly as much as \$11.7 million of it would come to us anyway.

MP. SMALLWOOD: What was that total amount? How much?

MP. ROBERTS: The minister's figures today -

MR. SMALLWOOD: What is the hon. gentleman's figure.

MP. ROBERTS: My figure is either \$9 million or \$11.7 million, depending on whether one counts in the 8 per cent rental which was \$2.7 million. But I will take the lower figure of \$9 million. So you take \$9 million away from \$25 million - and I may add the minister's figures are a little more generous than one can calculate from any other public data available. As a matter of fact

Mr. Roberts:

they are extremely more generous. The company must be even more profitable than anybody ever realized. It shows that our net gain from the purchase of the shares, our net gain from the purchase of the shares, Mr. Speaker, is at most \$16 million, and in fact a strong case to be made for saying it is only \$13.5 million, our net gain. Are we better off? Equalization does not enter into account, because the equalization problems to which the minister referred were resolved, to the extent they have been resolved, long before the government purchased control. The Government of Canada's decision to put the revenue from the PUITTA pass through in with the so-called miscellaneous revenues category for equalization had that affect.

In any event I do not know why the minister is so uptight over equalization. Equalization is a form of guaranteed annual income, a form of welfare, and if we as a Province comes ahead, if we get better off, then we are money in pocket and our equalization goes down. So of course it costs us a dollar for every dollar we get over and above the standard tax yields, and so it should. That is why we have equalization.

But let me come back, \$16 million is the most - hon. gentlemen should grasp that figure. It is based on the minister's own figures. My own, Sir, would be a lot lower. I think our share is only about \$14 millions. In any event, Sir, we will take the minister's figures - \$16 million is the most which we have gained each year from 1977 on by the purchase of those shares. That is the return on our investment. That is what we have got over and above what we would have got whether we owned them, or whether BRINCO owned them, or whether the Mafia owned them, it did not matter. We were entitled to get and would have got at least, at least from the income items taken into account, we would have got at least \$9 million a year, and more likely you can make a case for \$11.7 million, because the 8 per cent gross rental would have come to us whether we own it or not. It is built in the lease.

Mr. Roberts:

Now, Sir, so we have \$16 million available to service the debt. Well I whipped out my handy-dandy little calculator, and, you know, if the interest is 10 per cent on our loan, the bank loan we borrowed, \$16 millions a year just breaks us even.

MR. SMALLWOOD: To buy the BRINCO shares?

MR. ROBERTS: - to buy the shares, the CFLCo shares. \$16 millions is just the break even point. Now 10 per cent it may or may not be fairly dear money, but it is good money. What was the effective rate on the money we got, the Canadian Euro dollars the other day?

MR. DOODY: Ten and a quarter.

MR. ROBERTS: Ten and a quarter. The Minister of Finance, if somebody could wander into his office tomorrow and say, "Minister, I can arrange to lend the Province \$50 million at 10 per cent." The minister would snap it up right away.

MR. DOODY: No I would not. I would send for the funny-money bureau.

MR. ROBERTS: All right. Point made. Ten per cent is a very cheap rate of interest. Indeed the loans - I do not know what the current rates are. The minister, no minister has told us. The minister may have the figures there, but the latest public information is that the three tranches, the three slices in the loans, range between eight and a half and ten and seven eighths. I do not know if the minister has the exact rates there, or the size of it. But I would think that 10 per cent, especially considering we are, what? A point above London Inter-Bank, a point and a half above - what is it? A point?

MR. DOODY: It is along that area.

MR. ROBERTS: It is a point or a point and a half above the London Inter-Bank rate since it is a Euro dollar loan, or a Canadian Euro dollar loan.

MR. NEARY: Are we better or worse off than New York?

MR. DOODY: Our Paris rate is better.

MR. ROBERTS: We are a little better off than New York, but on the

Mr. Roberts;

other hand we do not have the Government of the United States bailing us out.

Mr. Speaker, the point I am

MR. ROBERTS: making is that \$16 million, that \$16 million a year which is even by the minister's own figures - and I could make a very good case, and had one here, that our take, net, will not be anything like \$16 million a year - but let me take the minister's own figures, that is only enough to service in interest our loan at 10 per cent. In fact, Sir, the loan is probably more than 10 per cent now in total, and will be more than 10 per cent forever. So we are not even going to get enough from the Churchill Falls shares to pay the interest, and that has nothing to do with naving off the principle and we are going to have to put that \$160 million on the credit of the Province.

MR. SMALLWOOD: Would the hon. gentleman say that again, spelling it out slowly and simply.

MR. ROBERTS: For those who have not grasped it I would be happy to say it again, Mr. Speaker. On the information the minister gave us, and the calculations I have made therefrom, all of which are quite open and aboveboard and quite straightforward, we will get \$16 million a year as our net revenue - at most \$16 million a year - attributable to our purchase of a 57 per cent interest in the CFLCo company.

MR. SMALLWOOD: \$15 million?

MR. ROBERTS: \$16 million.

MR. SMALLWOOD: \$16 million. Okay, one.

MR. ROBERTS: Actually less than that.

MR. SMALLWOOD: Okay, that is point one.

MR. ROBERTS: We borrowed \$160 million to buy those shares.

MR. SMALLWOOD: Yes.

MR. ROBERTS: The hon. gentleman and I do not agree on a great deal, but I think we do agree on this. We borrowed \$160 million. It shows in the prospectus of the Hydro Corporation. I could probably give one an exact dollar amount - it is in here somewhere, Mr. Speaker - purchase price of shares \$167,255,000. That is what was paid to BRINCO for the CFLCo shares.

MR. SMALLWOOD: And the servicing is how much?

MR. ROBERTS: The servicing of that, Mr. Speaker, at 10 per cent a year is \$16,700,000 on interest alone.

MR. SMALLWOOD: But is it 10 per cent?

MR. ROBERTS: I do not know, Mr. Speaker.

MR. SMALLWOOD: Well why not? Why do we not know?

MR. ROBERTS: The minister has not told us.

MR. SMALLWOOD: Why not?

MR. CROSBIE: We are going to get \$25 million in return.

MR. ROBERTS: Mr. Speaker, if the hon. gentleman thinks I can answer for the minister he is -

MR. SMALLWOOD: Why do we not know what it is costing us for that money we borrowed?

MR. SIMMONS: Because the minister will not tell us.

MR. MORGAN: Nobody has asked, I guess.

MR. NOLAN: We are asking now.

MR. ROBERTS: Mr. Speaker, I have asked in this House consistently for that information. I asked a few minutes ago. The Minister of Transportation is being foolish in the extreme if he thinks nobody asked for it.

MR. SMALLWOOD: The Minister of Finance says it is public.

MR. ROBERTS: Well, he may say it is public.

MR. CROSBIE: It is public knowledge.

MR. NEARY: Well what is the rate then? Tell us.

MR. SMALLWOOD: How much is it? What is it.

MR. ROBERTS: What is it then? What is it?

MR. CROSBIE: It was all approved in this House.

MR. SMALLWOOD: But this is public money, too.

MR. ROBERTS: No, the interest rate has not been approved.

MR. SIMMONS: Go away "John"; for -

MR. ROBERTS: The only public information, Sir, is the Newfoundland and Labrador Hydro prospectus -

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Mr. Speaker. Mr. Speaker.

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

MR. ROBERTS: Mr. Speaker, hon. gentlemen say that the information is public. They say it was approved by the House. That, Sir, is a flat misrepresentation.

MR. SMALLWOOD: Would the hon. gentleman, the Leader of the Opposition, inform me - I have been absent, as the hon. gentleman knows, for a little while - would he tell me how the position stands? The \$167 million was borrowed temporarily, short-term from a bond house, and it was to be replaced by a permanent bank loan. What is it now? Is it a temporary or a permanent loan and what is the service cost?

MR. ROBERTS: Perhaps I can read the -

MR. DOODY: All the information is public.

MR. ROBERTS: All the information - no, it is not public. The Minister of Energy, and I will answer the hon. gentleman's question as best I can, the Minister of Mines and Energy is being misleading when he says it was made public. It may have been announced what it was at the time, a year-and-a-half past, when the bill authorizing the purchase of the shares was put through the House, but, Mr. Speaker, nobody knows to date what this loan is, and I ask the Minister of Finance and the Minister of Mines and Energy now.

What I can read is the latest prospectus.

MR. DOODY: The file is easy to get.

MR. CROSBIE: The change would be explicit.

MR. ROBERTS: Fine! Let him go and get it. Let him go and get it. Meanwhile, what I can give the House now is a prospectus issued by the Hydro Corporation in respect of their most recent debentures which are ten and three-quarters per cent, actually eleven per cent.

MR. SMALLWOOD: We ought to have it for this debate.

MR. ROBERTS: Well, Mr. Speaker, I cannot get it but I can read a note from the balance sheet, Bank Loan, and the

MR. ROBERTS:

bank loan shows as being \$134,065,000 Canadian. This loan, in the amount of \$134,065,000, bears interest at various rates which at January 1, 1975 nearly twelve months ago. We all know what has happened to interest rates since then - range from between eight and one-half per cent and ten and seven-eighths per cent. The interest rates are adjusted every six months and they are based upon the London Inter-Bank offering rates for deposits of similar term and amount. Hydro has the option of repaying the whole or any part of each of the three equal tranches, or slice, of the loan on any interest adjustment date by giving notices varying from five to thirty days depending upon the amounts being repaid. As a condition of this loan Hydro has agreed not to dispose of or to feed any encumbrance upon 4,989,330 of the common shares of CFLCo which it holds. The loan is repayable in five equal annual instalments commencing in 1976. So shortly the Minister of Finance or Hydro will have to go off to the market and borrow on a long term basis one-fifth of the amount of that loan. That is the balance of the loan of the \$167 million purchase price. Some of it has been financed out of the government's other cash reserves.

The point is, Mr. Speaker, that at that rate we will never, never pay off the debt we incurred to purchase the Upper Churchill shares, to purchase the 57 per cent interest. If the interest rate goes to twelve per cent we are looking at \$19.2 millions a year. If it goes -

MR. NEARY: We are going to get \$25 million -

MR. ROBERTS: No, not twenty-five, We get twenty-five but we would have got at least nine of that anyway, whether we owned the shares or not.

MR. NEARY: The minister says by 1977 we are going to get \$25 million.

MR. ROBERTS: Right. But we would have got \$9 millions of it anyway whether we owned the shares or not. So we can hardly say we would have got, you know, that the twenty-five is all new money. Look, the Mafia could have owned those shares. We get our \$9 millions a year.

MR. SMALLWOOD: You have to take from that the cost of buying the shares. What does that leave you?

MR. ROBERTS: Precisely what I am saying! For once the hon. gentleman

MR. ROBERTS:

is completely - I mean in buying the shares, we went to the Bank of Nova Scotia, we hocked the shares. They are in hock. Nobody had said that before, that they are tied up. They are in hock. They cannot be pledged or disposed of or create any encumbrance upon. They are in the pawn shop now and they are there in turn until we pay off these loans. We borrowed \$160 millions from the bank to give to BRINCO and the Minister of Mines and Energy gave Mr. Mulholland or someone from BRINCO a cheque for \$160 million and they gave us a bit of paper that represented that 57 per cent shareholding in CFLCo. And that will never be paid for.

MR. DOODY: Nonsense! Nonsense!

MR. NEARY: Twenty-nine dollars and some odd cents a share.

MR. ROBERTS: Yes. And it will never - I am sorry, the hon. gentleman from LaPoile.

MR. NEARY: I also had shares in BRINCO.

MR. ROBERTS: Oh, it got \$7.07 a share, \$7.07 a share, \$7.07 a share.

I lost money on any I have. It cost me far more than \$7.07. Mr. Speaker, that is beside the point. The fact remains that we will never pay for it, not out of the revenue we get from it. That is a very, very, very important point because it means that the government once again have deceived the people. They have not come clean. That is the first time that we have got the figures from the minister in that form, and by his own figures we cannot pay for the loan.

Now, let me at the same time while I am on the \$167 million, let me reveal something else, Mr. Speaker, that may be known to many, but I have not heard it disclosed very publicly. It is in the prospectus, but very few people in the Province, I suspect, have the prospectus. The -

MR. DOODY: The bankers in the Province know.

MR. ROBERTS: I agree. I said very few people in the Province have it. I say it was - sure, I have it. That is available. I did not steal it. Messrs. Greene MacNab Baird and Vavasour are aware of it because they, interestingly enough, gave the legal opinion. Well, not Jim Greene, no

MR. ROBERTS:

it is not Mr. James J.L. Green, O.C. It is a gentleman considerably junior at the bar. But let me read, Mr. Speaker, let me read, let me read item (1)c, note (1)c in the consolidated balance sheet, "Acquisition of the controlling interest in CFLCo accounted for by the purchase method as follows:" Now note (1) to the consolidated balance sheet begins, 'Summary of Significant Accounting Policies,' and point (c) is "Acquisition of the controlling interest in CFLCo accounted for by the purchase method as follows: purchase

Mr. Roberts:

price of shares, \$167,255,000.¹⁾ That is what CFLCo - or what Hydro paid for the shares. Equity in book value of the net assets acquired was \$81,441,000. Excess of cost - and Your Honour doubtless has done the arithmetic, but fortunately for me the gentleman who published this prospectus has done it - \$86,114,000. So what that is saying, and again it has never been revealed by the government before, that the excess of cost over the book value - now there are many ways to value a company, Mr. Speaker, but one of them is the book value - the excess of cost over the equity of the book value of the net assets acquired was \$86 million. In other words, by that standard we paid twice as much as those shares were worth, by that standard. One can do many things with statistics. I am merely reading the government's figures, Hydro Corporation figures, the ones made public in the prospectus, the one that no ministerial statement announced.

Mr. Speaker, it goes on, the excess of cost of the investment in CFLCo over the equity and the book value of the net assets acquired has been assigned to the Churchill Falls power project, CFLCo project. Now why is the note in there? The note is in there because otherwise the prospectus would be misleading. That is why it is there. Because the prospectus in its financial statement, the statement of the consolidated balance sheet as of 1 January 1975, lists among the assets of the company, CFLCo as \$927,792,000 less from depreciation, less \$19 millions in accumulated depreciation, \$908,000, of that \$908,000, Sir, \$86 million - I am sorry, of that \$908 millions, \$86 millions is a mere bookkeeping entry. A valid one, I do not challenge the validity of it.

MR. DOODY: What of the value of good will?

MR. ROBERTS: Peat, Marwick - well that is the word, "good will" -

AN HON. MEMBER: How do you value it?

MR. ROBERTS: - Peat, Marwick certified the accounts. They are a reputable firm. It is a valid - I went to the trouble to check it in the -

MR. DOODY: It is complete disclosure

MR. ROBERTS: Mr. Speaker, I agree it is complete disclosure,

MR. ROWE: Complete disclosure?

MR. ROBERTS: because otherwise - it was complete disclosure because otherwise Burns Brothers and Denton would find themselves on the short end of one of those little charges that begins R versus, a criminal charge. It is complete disclosure, and so it should be.

MR. DOODY: In your amendment to the budget thing you complained about a lack of disclosure.

MR. ROBERTS: But the fact remains - no, Mr. Speaker, the government never revealed this information - that prospectus has never been tabled in this House. The government have never revealed that by their own figures they have paid \$86 million more.

MR. MORGAN: It has.

MR. ROBERTS: No, it has never been tabled in the House, nor has the Minister of Transportation. He probably will be shortly.

MR. MORGAN: Oh, oh!

MR. ROBERTS: Mr. Speaker, the fact remains that this is the first time that this House has been told that by the government's own figures of the money they paid for Churchill Falls shares over half is at best "good will", and good will is an accounting concept, Sir, and that is all it is. It is not substance. It is money out, but not value in. It is something that is put in a balance sheet because a balance sheet must balance, and assets must equal capital plus liabilities -

HON. MEMBERS: Oh, oh!

MR. ROBERTS: And, Mr. Speaker, if you cannot get at the balance -

SOME HON. MEMBER: Oh, oh!

MR. SPEAKER: Order, please!

MR. ROBERTS: If you cannot get at the balance any other way, you inflate it by putting in a figure called good will, a very common accounting technique, a reputable - it could also be called, I am told by my accounting adviser, enhanced capital value.

Mr. Speaker, the fact remains that by the government's own figures this debt was -

Mr. SIMMONS: Shut up, 'Jim' or I will go over and knock your ears back, boy.

MR. MORGAN: That will be the day.

MR. ROBERTS: Mr. Speaker, if hon. gentlemen wish to engage in the manly art of whatever they are engaging in would they engage in it elsewhere?

Mr. Speaker, that point I am making is a very serious one. The hon. gentlemen opposite might not like it, they may disagree with it. The fact remains that for the first time when I read this prospectus I realized, and I think the first time anybody in the House realized is when they heard me say it, except maybe some of the ministers, not all of the ministers, that there is \$86 million - not all of the water in the Churchill Falls project is in the Smallwood reservoir, that \$86 million of water is in the books, and it is in the books as so-called good will. It is a valid accounting concept, Peat, Marwick have not done anything outside except in accounting principals. But we paid \$167 million for shares which on the book value of the net assets acquired were worth \$81 million.

MR. DOODY: There was a valuation placed on the water rights.

MR. ROBERTS: Yes, \$5 million or \$6 million is what the minister told us for the water rights.

MR. DOODY: And as they become developed -

MR. ROBERTS: But \$5 million or \$6 million, Sir, do not equal \$86 million.

MR. DOODY: No, they do not.

MR. ROBERTS: If that is the way the Minister of Finance keeps the books he is going to have a lot more trouble.

MR. DOODY: Unless you value the -

MR. ROBERTS: Oh sure, and you can value our offshore oils, Sir. And the value of offshore oil and fifteen cents will get you a cup of coffee downtown today. You know, who knows what

MR. ROBERTS:

things are going to be worth five years from now? If I know that I would be as rich as Rockefeller. I do not and I am not. Mr. Speaker, the fact remains that - and I am talking about why I do not approve of the government's handling of this project - they have hidden that fact from the House, from the people. They have to put it in here.

MR. MORGAN: Just table the document.

MR. ROBERTS: This document was issued, Sir, in November, 1975. That balance sheet was dated as of January 1, and it was November 14, Peat, Marwick, Mitchell and Company, chartered accountants made the balance sheet available to the board of directors who include Mr. D.J. Groom, who has signed it here, and Mr. Roland T. Martin, the minister's own deputy minister.

MR. SMALLWOOD: The balance sheet of?

MR. ROBERTS: Of the Hydro.

MR. SMALLWOOD: Of Newfoundland Hydro?

MR. ROBERTS: Of the Hydro. It is the prospectus but it includes the balance sheet. It is the Hydro issue prospectus in November.

MR. MORGAN: It was filed all along.

MR. ROBERTS: Yes that is the only reason they filed it.

MR. SMALLWOOD: SEC?

MR. ROBERTS: No, it is a Canadian issue. It is a Canadian issue.

Or apparently it is a Canadian issue. It is the Canadian prospectus. I do not know where the - a lot of this issue is still in the hands of the underwriters. They are having trouble moving it.

MR. CROSBIE: That is not true.

MR. ROBERTS: It is true. It is true. It was issued at ninety-eight. You could buy it, I am told, at ninety-seven and ninety-six anywhere you want it in Montreal and Toronto, and they would be glad to get rid of it, cluttering up their inventories.

MR. SMALLWOOD: That is not good news.

MR. MORGAN: We would like to believe that.

MR. SMALLWOOD: That is not good news.

MR. ROBERTS: Mr. Speaker, the hon. the Minister of Transportation, will withdraw that remark according to the rules of the House.

MR. MORGAN: You do not believe it.

MR. ROBERTS: No, I do believe it.

MR. MORGAN: It is a matter of opinion -

MR. ROBERTS: The hon. gentleman, Sir, as I understand it - and I do not care if he withdraws. I mean, he is wrong but why engage in a serious debate with that sort of thing.

MR. NEARY: Are you going to be called master of -

MR. ROBERTS: Yes, I am, but the new master is busily saying what he wants.

SOME HON. MEMBERS: Hear! Hear!

MR. ROBERTS: Mr. Speaker, the point is an important one.

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

MR. ROBERTS: The point is an important one, Sir. The point is an important one.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: Order, please!

MR. ROBERTS: The point is an important one, Sir, that there is \$86 million -

MR. SIMMONS: Mr. Speaker, can you shut up that Yahoo over there?

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

There are times when an hon. gentleman is speaking and sometimes invites, other times allows interruptions, questions, explanations, etc. However, that does not go for interjections of words which are not either questions or anything that one could intelligibly regard as an invitation for a reply. After once or twice order has been asked for, then it is expected that it be observed.

The leader of the Opposition.

MR. ROBERTS: Thank you, Mr. Speaker. I am told that Mr. Dennis Groom is in the gallery. Well that is fine. I am delighted he is

MR. ROBERTS:

here, and I only wish he could appear before the House and we could question him frankly and openly. I know he would answer frankly and openly, but I think we would probably get a great deal more information than the government have given us to date.

Mr. Speaker, the point is that according to this prospectus there is \$86 million in - call it what you want. You can call it good will, that is the old-fashioned name. The newfangled name, I think, if you have a high-priced accountant, is enhanced capital value, but it is the same thing. It is a figure that is put in to enable the balance sheet to balance. If Your Honour were buying a company, or anybody who has ever looked at a balance sheet, knows that good will is, by and large, not worth very much. You cannot depreciate it for income tax purposes. You cannot treat it as income. It is just an item to balance the balance sheet. What you do is over a period of time you write it off, and eventually you get a clean balance sheet without the good will item.

Well we would not know it was there unless the disclosure laws, or the securities regulations required that it be made public, and it was made public only in a note. Anybody looking at the balance sheet would see simply that the CFLCo project is valued at \$927 million, \$928 million nearly, and not realizing that nearly 10 per cent of it is just a good will, a bookkeeping item, hot air, inflation, call it what you want. Now, Sir, there are two reasons why I think the government have not been frank with the people of this Province.

Now, let us look at a third, the cost of the project. When the government acquired the Lower Churchill and the Upper Churchill we were told the cost of the Lower Churchill would be \$1.2 billion.

Mr. Roberts.

I ventured the opinion it would be somewhat higher. The Minister of Finance as he then was, the Minister of Mines and Energy now, jumped on this from great heights. The schoolboy debater, who then represented Placentia West (Mr. Barry) for one term, was even more arrogant and more insufferable on the point. The fact remains the government stood by their \$1.2 billion figure. In June 1975, last June, the Minister of Mines and Energy was most unsparing of my statement that the cost had gone to at least \$2.3 billion. He said that it was only \$1.8 billion or \$1.9 billion, \$400 million or \$500 million short. He was arrogant, scornful, wrathful and misleading, all at once in June of 1975, just a few months ago. During the election, when the Premier and other hon. gentlemen were going around blowing the tops of mountains and boasting that the Lower Churchill was going full steam ahead - the Minister of Tourism is smirking. He may have been part of the great plot, Sir, or he may not. I do not know whether they let him in on these things.

MR. ROWE: He was working on the Norma and Gladys.

MR. ROBERTS: Mr. Speaker, when they were going around the Province they did not bother making public the fact that they knew that the project had gone to over \$2 billion. According to the Minister of Mines' statement given in the House two or three weeks ago, the cost the government were told in August 1975 that the figure was \$2.1 billion. They did not tell the people. There could be no clearer evidence that they misled the people of this Province, and I venture to say - I have to be careful, because I may not be parliamentary - they knew what they did.

MR. SPEAKER: Order, please!

I think the Leader of the Opposition -

MR. ROBERTS: I withdraw it then, Your Honour.

MR. HICKEY: Withdraw it after you say it.

MR. ROBERTS: Well, you cannot withdraw it before you say it, Mr. Speaker.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: The Minister of Tourism is the only man I know who can withdraw something before he says it, and indeed, Sir, he would be much further ahead most of the time if he did.

Mr. Speaker, I will merely say that in my mind there was not full disclosure. I would think any impartial observer would say that the government have not given, the government have not given and had not given the people of this Province anything like the facts. They knew in August that the cost was over \$2 billion. Yet they were still pretending it would be done for considerably less, considerably less, \$200 million or \$300 million or \$400 million less. They are now talking - is it \$2.1 billion?

MR. ROWE: It is \$2.3 billion.

MR. ROBERTS: \$2.3 billions. And I say, Sir, they will be lucky if that project comes on stream for \$3 billion.

SOME HON. MEMBERS: Hear! hear!

MR. ROBERTS: They have consistently -

MR. MORGAN: You hope!

MR. ROBERTS: - they have consistently -

MR. ROWE: "You hope!" Now that should be taken -

MR. ROBERTS: - they have consistently, and I do not know why, but they have consistently underestimated the cost of that project, consistently, right from the start, Sir.

MR. MORGAN: That is your hopes!

MR. ROWE: Mr. Speaker, is he going to get away with that piece of garbage?

MR. SPEAKER: Order, please!

MR. ROBERTS: Mr. Speaker, the hon. minister can impugn my motives if he wishes, but it tells more about him than about anything else. I hope, Sir, this project goes ahead. I have one devil of a lot more reason for hoping that if the hon. gentleman was not on the treasury benches. It is that simple.

Mr. Speaker, the fact remains that the government have not given the people of the Province anything like the full story. Now that is three items. The fact that the debt cannot be serviced, the fact that the cost of the project has gone up -

MR. CROSBIE: Mr. Speaker, on a point of order. The statement released states that the revised construction cost estimates were received from the consultants on September 19, 1975. That is page twenty-seven. Not in August, but September 19, 1975.

MR. SPEAKER: This is not in fact a point of order to decide, but the hon. minister has called to the attention of the Leader of the Opposition what he considers to be an inaccurate or a misstatement.

MR. ROBERTS: Mr. Speaker, page thirteen: "The review committee established as a result of Mr. Groom's letter of April 17, reported on May 22, "With regard to risks they stated that -

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Mr. Speaker, am I going to be allowed to carry on without the hon. gentlemen opposite -

MR. SPEAKER: Order!

MR. ROBERTS: "They stated," and I read from the minister's statement on page thirteen: "It is our opinion that the definitive project estimates will not exceed the \$1.842 millions, plus 12 ½ per cent and thus a financing figure of \$2.1 billion as recommended to cover the overall project as defined in the Teshmont-Zinder report." In other words, Sir, the minister of -

MR. CROSBIE: It is an entirely different thing -

MR. ROBERTS: Mr. Speaker, they knew. They knew, Mr. Speaker.

MR. CROSBIE: - on the ultimate costs.

MR. ROBERTS: Mr. Speaker, the words are clear. The minister is convicted out of his own mouth. They knew that \$2.1 billion was a reasonable project cost in May 1975. At the same time, that was a month before the minister stood in the House here and said that it was \$1.8 billion or \$1.9. Of

MR. ROBERTS: all the - well I am not allowed to use that word, but take it as said, and I will say it for the benefit of the press outside if they want.

MR. SMALLWOOD: I will speak if he leaves me any time.

MR. ROBERTS: Mr. Speaker, I am deeply regretful that the hon. gentleman from Tullington -

MR. SIMONS: We will sit all night if you want to.

MR. ROBERTS: I will stay all night, Sir, if the hon. gentleman has to get away in the morning, if he has to get away and he wants to make his speech, fine. But I am going to say what I have to say subject to the rules of the House.

AN HON. MEMBER: Unlimited time.

MR. ROBERTS: Right. I am going to say what I have to say. I am going to say what I have to say, and I have been less time yet than the minister was and I have said one devil of a lot more than the minister said.

SOME HON. MEMBERS: Hear, hear!

MR. ROBERTS: Now, Mr. Speaker -

MR. HICKMAN: Now I know what Greenpeace is for!

MR. ROBERTS: - the hon. gentleman from Tullington (Mr. Smallwood) I shall look forward to hearing his speech and I for one am quite willing to sit all night. And I am not responsible for his travel plans, nor am I governed by them, but I look forward with interest to what he has to say. The government could have called this debate yesterday if they wished or they could have called it - it has been on the Order Paper for the last ten days. They could have called it at any point if they wished.

Mr. Speaker, let me go ahead because there is a fourth item in this sad catalogue of less than full disclosure, of less than candor. The government said, "Full speed ahead! We are going flat out to get her going." That was what the Minister of Mines and Energy said in the House here in June of 1975. He said it at length again and again

MR. ROBERTS: and again. "There will be no letting up. She is going right ahead."

Then the Premier went down to the infamous, the day of infamy, the tunnel, the day they blew the top off at Yankee Point and across the Straits. I have a copy here of the Premier's text. August 13, I do not know if it was Friday, the 13th. "This prosperity may not come overnight but come it shall once the mighty hydro power of the Lower Churchill starts flowing." It is too bad it was never delivered, because, of course, it was raining cats and dogs and the few people who came out had been kept waiting for three or four hours and they sat in their trucks. The speech, I am told, was never delivered but it was sent out by the Information Service, bless their pointy little heads.

Mr. Speaker, you go through this and it is full speed ahead, full speed ahead, no let up, no hold up, no nothing and everything is going to be here, "our voyage to prosperity starts here today." This is standing in Forteau where they do not have an inch of anything, pavement or water and sewer. "Our voyage to prosperity starts here today. I ask you and all Newfoundlanders to join me." At the same time as that was said the government knew the project could not go ahead on the terms and conditions they had outlined. They knew it. And if they did not know it it was negligence almost criminal.

SOME HON. MEMBERS: Shame! Shame! Shame!

MR. DOODY: You should have been an auditor.

MR. ROBERTS: Mr. Speaker, before the election everything was gung ho! and after the election now we are beginning to get close to the truth of the story. So I have named four or five things where the government in their handling of this project had been less than forthcoming, the \$86 million, water, buried in the cost. The fact by the minister's own figures that we can never service the \$160 million debt. We may manage the interest, Sir, but we cannot pay back the loan. That has got to come out of our pockets. And that is where the water and sewer

MR. ROBERTS: svstems will be and that is why we have got no hospitals next year. We are going to have to take a fifth of \$160 million, \$32 million a year for five years and pay it off, because we will not earn enough from the Upper Churchill to do it, and that is why we have got austerity. The truth will come out now! That is why Comfort Cove is not going ahead to get its water and sewer, and Newstead and Conception Bay South and the hospital they were promised in Labrador, in the Paddon Hospital, and the hospital they were promised in Marystown, or the hospital in Clarenville for which the sod was turned, that is why they are not going ahead!

MR. MOYLAN: They will later on.

MR. ROBERTS: That is why they are not going ahead, Sir. That is why we have this alleged austerity. The government knew all along and the minister's statement makes it quite clear that either he knew or ought to have known. The only thing I regret, Sir, is that the minister who is responsible, or who was responsible for it, is no longer with us to answer for his misdeeds, but he knew, Mr. Leo Barry knew.

AN HON. MEMBER: Hear! Hear!

MR. ROBERTS: Mr. Leo Barry came out after the voters had retired him, the first crack they got at him they retired him, overwhelmingly, the royal order of the boot! Out! But he knew.

MR. ROBERTS:

Just a few weeks after the election he was over at the Canadian Institute of Mining and Metallurgy, a fortnight, three weeks after the election. He said, "She is not going ahead!" He knew. Even though he was out of the cabinet, he knew.

MR. SIMMONS: That is the school boy debater.

MR. ROBERTS: They have known - the school boy debater. They knew for weeks and months the project - and yet they carried ahead with their course. It is a shoddy, shabby, shady, cynical and degrading experience.

Now, Mr. Speaker, let me come on to the next point in this litany of deception, the tunnel.

MR. SPEAKER: Order, please! I must -

MR. ROBERTS: If I breached, I am sorry, Your Honour.

MR. SPEAKER: The imputation of false or unavowed motives.

MR. ROBERTS: Okay. I certainly, Sir, am grateful for Your Honour's ruling and I would not say the government have any unavowed motives, Sir. My contention is that their motives are very avowed and very open, but I am grateful for Your Honour's ruling and of course I respect it and follow it.

Now, Sir, let me come on to the next item in this tale of what I am not allowed to call it - the tunnel. We are told the tunnel has been started. Twenty-two million dollars I think was the amount in the figures tabled this afternoon. Mind you Hydro or not Hydro. It is not fair to blame them, they are only doing what they are told to do. The minister is afraid to face the people in Forteau and let them know what is happening on the tunnel. But, Mr. Speaker, let me just say one or two things about the tunnel. We are told the tunnel is going ahead. It is deferred a little, but there is not indication it is dead, and I hope it is not.

I am told it is a matter of fact that only two test holes have been bored. Now, what does that mean? There are many bores on the other side, but there are only two test holes. Now, remember what we have, on one side we have Labrador, part of the sovereign

MR. ROBERTS:

district of the Strait of Belle Isle, and thanks to the perrymandering we had I have been given the pleasure and privilege of representing those people. One one side we have -

MR. NEARY: Diamond drilling, \$25,000. They are expensive.

MR. ROBERTS: Right. That is not very much diamonds. On one side we have Labrador, Forteau, Amour Point. On the other side of the Straits, nine or ten miles away, we have Savage Cove, Yankee Point, on the Island of Newfoundland. The water in between flows, the Straits of Belle Isle, it is very deep. We know we cannot lay cables along the bottom of it. We have to have a tunnel. So we are going to go down 1800 feet, straight down and then we are going to do a ninety degree turn and we are going to go zip across the Straits. We are going to do another ninety degree turn and come straight up another 1800 feet and we are going to step out in Yankee Point, there in the beautiful suburbs of Savage Cove, Sir, lovely place.

Now, Mr. Speaker, all that we know about what is along that eleven or twelve lineal miles of tunnelling and shaft is what two test holes have told us. A company which was retained by the government, or by Hydro, to do some work is now suing the government because it claims the government did not give it enough details, enough information. The action is on down in the Supreme Court now. I will not say anything more than that, but the company is alleging - and this is public and it is not sub judice in that sense - is alleging misrepresentation by the Hydro or by the government.

MR. NEARY: Was it the Bedford Institute?

MR. ROBERTS: I think it may have been the Bedford Institute. I am not sure just who is taking the suit but an action is underway in the Supreme Court now.

When Churchill developed the Upper Churchill and they hewed out that great power house in the living rock underneath the mountain, they had thousands of drill holes and even then, Your Honour, they hewed

MR. ROBERTS:

ended up paying the contractor who did some of the work another \$4 million because they had to settle the case out of court. They did not provide the contractor with enough information. That is what I am told.

MR. DOODY: Repeat that again?

MR. ROBERTS: Now, Mr. Speaker - I am told that Churchill, and Churchill had to settle out of court with the O'Connell? Walsh? John Sopinka was acting on Churchill.

AN HON. MEMBER: The Upper Churchill?

MR. ROBERTS: I am talking about Upper Churchill. Of course I am talking about Upper Churchill.

AN HON. MEMBER: Oh, oh!

MR. ROBERTS: I did not say it had anything to do with this project. I am merely saying that on the Upper Churchill, before they went to drill out that powerhouse and the great penstocks coming down and the surge chamber and the two great tailraces going out into the river, before they set to work to drill that, they had thousands of drill holes, test holes, made to see what was down there, 1000 feet below the ground, below the surface. Then they went down and started the drilling and taking out the rock.

We are allegedly committed to putting a tunnel across the Straits of Belle Island and we have two test holes, one at Yankee Point drilled down, and across the Straits in Labrador another hole drilled down. For all we know, in between

Mr. Roberts:

there could be green cheese or tapioca.

MR. GROSBIE: Or oil.

MR. ROBERTS: We have no idea what is in between. It is the most -

MR. DOODY: I am sure it is neither.

MR. ROBERTS: Yes, I - with the minister, we believe it is neither, but he does not know neither do I. There has been no adequate drilling done, no adequate testing done. We do know - we do know, Mr. Speaker, we do know there is a fault in the middle of the Straits, that is well known that the rock out of which the Island of Newfoundland is made is a different rock than that out of which the mainland portion or Labrador is made. And we do know that the two meet, we do know there is a fault. Nobody knows exactly what affect that fault will have. But it is an interesting experience to drive a tunnel costing a couple of hundred million dollars through eight or nine or ten or eleven miles of seabed of which we have no detailed knowledge, none at all.

MR. NEARY: Soundings.

MR. ROBERTS: Ah, we have a few seismic soundings. It is useful to find out if there is oil there, and a little bit about rock structure.

MR. NEARY: Soundings is what they will have to do most of this year.

MR. ROBERTS: But the fact remains, Mr. Speaker, the fact remains, Sir, that we do not know, that the people who are allegedly building that tunnel do not know what is there. It is so negligent as to be almost criminally appalling. The information which I have has come from the very most expert sources and that is not BRINCO. But the people who have talked to me on this are staggered and stunned, s-t-u-n-n-e-d, that the government are going ahead with that tunnel project with so little information. They just do not know what is there. You would not, Mr. Speaker, you would not drill an artesian well the way that they have gone at this so far. Now maybe they are going to do a lot more, but let them come clean and tell the people. They do not know yet whether one can put a tunnel across the Straits. We just do not know. We do not know whether it is feasible to do it. And when I said the

Mr. Roberts:

project was feasible I put the caveat in for the Straits. And the hon. Minister without Portfolio the other day with such eloquence spoke of bringing power and gas across the Straits, and we all caught his vision. The hon. gentleman would do well to look into this because he might get access to information that people of the Province will not be allowed to have. Mr. Speaker, it is there. All of these are points which the government must answer. Handling the Lower Churchill development, Sir, -

MR. CROSBIE: Slander and this sort of distortion is unheard of!

MR. SIMMONS: Slander?

MR. ROWE: Slander and distortion?

MR. MORGAN: His intention is to damage!

MR. ROBERTS: Mr. Speaker, the hon. - let me first of all deal with the member from Bonavista South who feels I am intending to damage. That is contemptible, degrading and beneath even him.

AN HON. MEMBER: Unparliamentary!

MR. ROBERTS: Now, Mr. Speaker, - no it is untrue I do not need to -

AN HON. MEMBER: Oh, oh!

MR. ROBERTS: Now, Mr. Speaker,

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Now, Mr. Speaker, the next point -

SOME HON. MEMBERS: Oh,oh!

MR. SPEAKER: Order!

MR. ROBERTS: is that the - the next point is that the minister says it is slanderous. Well, Sir, that is not true either because truth is a defense to slander. I say the minister has withheld information. I do not say what his motives are. I do not know.

MR. CROSBIE: Categorically that is a lie!

MR. ROBERTS: Well, Mr. Speaker, I tell the hon. gentleman he must withdraw that statement, Sir.

MR. ROWE: Is that parliamentary?

MR. SMALLWOOD: There is safety in fact.

MR. ROWE: Is that parliamentary?

MR. ROBERTS: Mr. Speaker, I -

MR. SPEAKER: Order, please!

MR. ROBERTS: Mr. Speaker, I rise on a point of order. Would Your Honour, under the rules - I submit that -

MR. SPEAKER: Order, please! A point of order has been -

SOME HON. MEMBER: Oh, oh!

MR. SPEAKER: Order, please! A point of order has been brought up with respect to the term 'lie' which I consider to be unparliamentary and I would ask the hon. gentleman to withdraw it.

SOME HON. MEMBERS: Withdraw! Withdraw!

MR. CROSBIE: Mr. Speaker, I certainly at your request would withdraw that and say that the statement is not true. And the hon. gentleman knows that is not true.

AN HON. MEMBER: A terminological inexactitude.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Mr. Speaker, the hon. gentleman's withdrawal was anything but unqualified, and, of course, if he were a man he would know he must withdraw it without qualification. But let me come back to it; the statements are accurate to the best of my knowledge and belief. I have proven them as best anybody can who is not in possession of the information, and if the minister were not deliberately withholding information, and trying to camouflage things, he would give us the full story.

MR. SPEAKER: Order, please!

MR. ROBERTS: He has not done that.

MR. SPEAKER: Order, please! I must now draw to the attention of the Leader of the Opposition that the phraseology of 'deliberately withholding' certainly suggests an imputation of false motive.

MR. ROBERTS: Mr. Speaker, to that point of order. With all respect, Sir, to suggest that a gentleman is deliberately withholding something in my view is not - now if one imputes motives that is a different

Mr. Roberts:

point. But to suggest that the hon. member is deliberately withholding something is certainly not unparliamentary. Many times in the course of a day hon. gentlemen deliberately withhold something and surely that as a phrase should be allowed.

MR. R. WELLS: On a point of order, Mr. Speaker.

Mr. Wells.

To suggest that the member is deliberately withholding is to suggest, to my view, by another term that the member is misleading the House, which is a serious imputation.

MR. ROWE: Mr. Speaker, to that point of order. When the Speaker makes a ruling and we are encountering the difficulties that we are at the present time, may I suggest that the Speaker simply give a citation?

MR. SPEAKER: Order, please!

The question has come up with respect to the term, 'deliberate withholding.' Specific citations with respect to each and every word are, I think, as hon. members know, not necessary. There are times when things depend upon the context in which they are said. I think the most generic point for matters being uncomplimentary is Beauchesne 155 (1): "It will be useful to give examples here of expressions which are unparliamentary and call for prompt interference. These may be classified as follows: - they are the general classifications - The imputation of false or unavowed motives. The misrepresentation of the language of another and the accusation of misrepresentation. Charges of uttering a deliberate falsehood." In many cases, obviously, what is said is a question of judgment, is a question of motive, and I think it is the duty of the Chair to endeavour to present the kinds of differences and allegations which are in that area. Obviously it is not a matter of scientific or mathematical proof. It is not a judgment like whether there is a quorum - there are either fourteen or not there are not fourteen; an hon. member has either spoken forty-five minutes or he has not. There are questions of judgment. All persons in the Chair can do is to use theirs. Now I leave it at that, and I draw the attention of hon. members on both sides, to my right and to my left, that I think it is necessary that they be more cautious in their use of language in this particular debate.

I point out that it is in the general area. What Beauchesne refers to here is not a list of words. There is a list of words there, but nobody has made a compilation of every word in the dictionary as to what is parliamentary and what is unparliamentary. It

Mr. Speaker.

has to be a question of judgment, and the areas in which the judgment has to be exercised, as indicated by Beauchesne 155 (1) to (4). I am particularly thinking of 155 (1). What I am suggesting to hon. gentlemen on both sides is that they use care in the choice of their language.

MR. ROBERTS: Thank you, Your Honour. I have certainly been trying to use care and obviously not always within the full ambit of the rules, but I thank Your Honour for the ruling.

Mr. Speaker, what I have been saying so far deals only with the first part of the motion, which is that the members of the House approve the steps taken to date by the government and Hydro in connection with the development of the Gull Island site and the development of an interconnection between Gull Island and the Churchill Falls site, and the development and construction of transmission lines by way of a tunnel across the Strait of Bell Isle and work in connection therewith so that Labrador hydro power can be made available to the entire Province.

I think I have said enough to show quite conclusively, Sir, that I do not see how any hon. member can vote in favour of that part of the motion unless he is so caught up in the partisan game that he has no means to go except to blindly approve things. I think the government's handling of it, Sir, has been very wrong, and I have, at some length, true, but I believe without repetition or without needless repetition, I have made the point. I think it is a very sad thing indeed that on issue after issue, or point after point, there are these very serious and very real questions. The minister has had ample opportunity, Sir. None of these questions really are particularly original or could not have been anticipated. The minister has had a one hour statement, which he had weeks to draft, weeks to prepare, and then he delivered himself of it. He had a two or three hour speech this afternoon, without any interruption from me. I had a question or two which he was good enough to answer, but none of these points were dealt

Mr. Roberts.

with, Sir, and I would hope the minister will deal with them in his closing remarks, because I believe, Sir, that these show a pattern which is most disturbing. I do not believe we have been given the full information, and I do not believe that we can approve of the conduct or the way in which the government have conducted this important project. Now we supported them when they wanted to buy the Lower Churchill. We would not have supported nationalization, but we did support the government being given the authority to buy the shares. The hon.

MR. ROBERTS:

member from Twillingate (Mr. Smallwood) will take issue with that, and that is his privilege, of course, but I do not for a moment regret, and I never will regret, standing by the principle that the people of this Province should control, and if ownership is necessary for control, should own, their natural resources. That does not bother me at all. But I am deeply disturbed and hurt and angry. I think the people of Newfoundland deserve better of their government than this sad tale. I believe the hon. gentleman from Naskaupí (Mr. Coudie) deserves better than to be put in the position he is now in where people in his constituency feel that they have not been dealt with justly and fairly and generously and honourably. I could say more, but Your Honour would quite properly say that I cannot say those things in the House and so I shall not.

But that in itself, Sir, is only half the motion. It is far more than half the speech, but it is half the motion. The other half of the motion is the government's plans.

MR. MORGAN: We are here for the night!

MR. ROBERTS: Sir, if the hon. gentleman from Bonavista South (Mr. Morgan) wishes to engage in repartee I shall try not to engage in it with him, because I am after elephants not mice.

AN HON. MEMBER: Hear! Hear!

MR. ROBERTS: But, Mr. Speaker, I think the House would be better and the speech would go better if he restrained himself as best he could, and if he finds that I so aggravate him that he cannot restrain himself, I would suggest he go out and have a cup of tea or coffee, or whatever they are offering in the government members common room this evening.

Now, Mr. Speaker, let me talk to the, let me speak to the second part of the resolution, the part which deals with the government's plans.

MR. NEAPY: Are you going to take long to do that?

MR. ROBERTS: I may well be another half an hour or so, yes.

AN HON. MEMBER: You are using up all the time. Leave some for Mr. Smallwood.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Mr. Speaker, I do not know how long the hon. gentleman

MR. ROBERTS: from Twillingate (Mr. Smallwood) needs to speak and I will -

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: But, Mr. Speaker, you know, hon. gentlemen opposite, they could have called the debate yesterday. I do not feel the least bit apologetic for taking what time I consider necessary to deal with this. The minister has had an hour on a prepared statement. He has had two and a half hours. If the hon. gentlemen are so anxious to hear the speech of the hon. gentleman from Twillingate (Mr. Smallwood), as am I, why did they not call the motion yesterday?

MR. MORGAN: You agreed this afternoon.

MR. ROBERTS: Yes, I agreed to give him unlimited time. Of course I did. And I have also agreed on behalf of us that we will even give up tomorrow - or maybe we will not give up tomorrow, then!

MR. NEARY: The reason I am rising is would the hon. the Leader of the Opposition make a motion that the House not rise at eleven o'clock, that we carry on beyond eleven o'clock to give the -

MR. ROBERTS: I am willing to move it but I mean it is not for me. I have -

MR. SPEAKER: On the point of order. I think such a motion is premature at this time. I think we should see what happens.

MR. ROBERTS: Well, Your Honour, I can say that if they do not want to move the motion, I can keep the House going until eleven and it will adjourn automatically because I will not yield the floor. But Mr. Speaker -

MR. MORGAN: He is just killing time, that is all.

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

MR. ROBERTS: Mr. Speaker, the hon. the gentleman from Twillingate (Mr. Smallwood) apparently has made plans to be elsewhere for a few days. Well, that is fair enough, but the House of Assembly, Sir, dances to the tune of no hon. gentleman, even a man as senior as the hon. gentleman from Twillingate (Mr. Smallwood).

MR. NEARY: The hon. the member for Twillingate (Mr. Smallwood) is asking for no favours.

MR. ROBERTS: I agree.

MR. NEARY: He has not said a word.

MR. ROBERTS: I agree, and that is a very good point. It is hon. gentlemen opposite who are so tender.

MR. NEARY: But you have made your point. You made your point.

MR. SPEAKER: Order, please!

MR. NEARY: You lost the press about an hour and a half ago.

MR. SPEAKER: Order, please!

MR. NEARY: So now, you know, -

MR. SPEAKER: Order, please!

First I would suggest that when order is called hon. members be quiet, and secondly, we have had a fair amount of interruption. Some of it acquiesced in by the Speaker, some of it certainly not. I would now suggest that all hon. members, apart from the hon. member who is speaking, remain silent.

MR. ROBERTS: Thank you, Mr. Speaker.

AN HON. MEMBER: Oh, oh!

MR. ROBERTS: Mr. Speaker -

MR. SPEAKER: Order, please!

As I said, all hon. members.

MR. ROBERTS: Thank you, Mr. Speaker.

Mr. Speaker, let me now turn to the second part of the resolution which is the one in which the government seeks approval of the course they propose to follow with respect to the Lower Churchill development or the - I forget how the words of the resolution read. I had an Order Paper. Where did I put it? The words are that the "House of Assembly approves the plans announced by the Government of Newfoundland and Labrador for the phased continuation of the project during 1976." I do not mind saying, Mr. Speaker, that I think the motion is a cleverly worded little devil of a document. The Minister of Mines and Energy obviously spent many nights drafting it. It has his handiwork because of course the two parts of it are really quite antithetical and it would be a

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very difficult decision if one were to feel that the government's handling had been made that the government's proposals were not so bad at all, to know which way one should vote. A very clever little thing and perhaps, Your Honour, it should have been separated into two parts. Your Honour has certain discretions but the point of order was not raised at the time and, Your Honour has chosen not to exercise that discretion, but really they are two quite separate things, two quite separate points in the motion. And indeed, perhaps, if we wanted we can do this later in the debate, if we want to have two separate motions we will move an amendment that the second part of the motion be deleted and thus enable us, if we wished, to have two votes.

Mr. Speaker, the second part of it deals with the question of the government's plans, and we are still left with the basic facts that we started with right at the start of this whole debate, and that is we need power, it is the first part of the minister's statement, it is the introduction, the eight or ten pages of it, and, secondly, that the Lower Churchill, Labrador in general, the Lower Churchill is probably the best single source from which we can get that power. Now, Mr. Speaker, the need for power does not need a great deal of elaboration. It is at least eight per cent growth a year. It may in fact be somewhat higher. That is the short-term need, and the foreseeable need. There is no real doubt that Labrador provides the solution. The resource is there. It is desirable power. It is technically feasible, with the noteworthy exception of the tunnel. There must be a caveat there. The problem is simply this, how to finance it.

That really, Mr. Speaker, involves a take or pay contract. That leads to the question, from whom? Who is the customer? Is it us, as the minister told us in June 1975? We have already talked about that. What would the affect be in our credit? Page forty-two of his statement - I forget his precise words - but on page forty-two the minister

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said that we could not afford it. Yet he tells us that we are the customer. Well if we cannot afford it, how are we going to get it? Is Ottawa going to save us? Is that the only way out? That, Mr. Speaker, is a question with which the ministry have not dealt, at least not with the House of Assembly. Is the survival of this project now contingent upon Ottawa? Is it or is it not? Is it contingent upon Quebec? When the government come and ask approval for their plans they have got to be a little more specific, because all that they have said in their plans so far, I think it is fair to say, is that they are deferring both parts of the project, both the tunnel and the transmission lines, on the one hand, and on the other hand the Gull Island project. And one is being deferred almost indefinitely, the Gull Island thing, and the other thing is being deferred until some hopefully not too distant date when we learn from Quebec and we learn from Ottawa whether they are going to bail us out. Once we have solved the customer, we have to deal with the other aspect of it, the use and capacity. The Lower Churchill has 1,800 megawatts of power. It must all be installed or installable at once. All the cost, substantially, is incurred at once. It is no way really to step in a hydro project. A hydro project starts at the peak of its production. It may take a year or two to get all the units on stream. It has taken three or four years to get the units at Upper Churchill on stream. The fact remains that the big cost with a hydro project is right at the start, and you develop your full capability, your full capacity right at the start. You may not develop your production for awhile, but your ability to produce, your capacity, is there right from the day one, and the cost with it.

It will be fifteen or twenty years before we can use that capacity, before we can make use of it. So how is the conundrum going to be solved? The minister has not offered us any solutions. All his statements says is that we are stalling. We are stalling. We are stalling. We are stalling. For what? They have been at it now for two or

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three years, the costs are going up, the project has doubled in cost since the hon. gentlemen opposite got their hands on this project, a project which was \$1.2 billion is now \$2.3 billion. It has doubled. Yet there still has not been a start on construction. There still has not been the full project release. We have committed \$100 million, but we still have not given that project the go ahead. Now they come and say, we want to stall another year. How long do they want? Are they going to drive us bankrupt?

MR. NEARY: Are you still up?

MR. ROBERTS: Mr. Speaker, when the government come and seek approval for that, they have got to be a little more forthcoming, a little more seeking of support, a little more telling the people what they propose to do. It is not their project, Sir. It is the people's project. They

MR. ROBERTS: seem to forget it. I think Mr. Barry, Mr. Leo Barry seemed to think it was his project, he owned it. Well he does not. He owns one five-hundred-and-twenty thousandths of it, or whatever the population of the Province now is, and every one of us in the House owns only exactly the same proportion. Any person in Bide Arm tonight or in Grandois or in Fox Roost owns the same proportion as does any hon. member in this House. It is our project. The people of Newfoundland and Labrador own it. We are on the back of it, we are going to have to pay for it. Not even the Upper Churhcill is going to pay for itself.

MR. NEARY: If you were Premier tomorrow how much -

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

MR. ROBERTS: Mr. Speaker, the hon. gentleman from LaPoile (Mr. Neary) will have his opportunity to speak in the debate.

MR. NEARY: Do not be rude now I am asking you a question. How much, if you were Premier tomorrow -

MR. ROBERTS: Mr. Speaker, I am not being rude. I am just merely saving that -

MR. NEARY: - how much would -

MR. ROBERTS: I am asking the hon. the gentleman from LaPoile if he would be good enough to observe the rules of the House. I shall hear him with silence and I would him if he would do me the same courtesy. If he does not want to then I will ask Your Honour please to extend to me the protection of the rules. The hon. gentleman from LaPoile, Sir, may say what he wishes subject to the rules when his turns comes.

MR. NEARY: I am asking a question.

MR. SPEAKER (Collins) Order, please! Unless the hon. member who has the floor is willing to surrender temporarily other hon. members should keep silence.

MR. ROBERTS: Thank you, Mr. Sneaker.

MR. NEARY: I only wanted to ask a question.

MR. MORGAN: He was only asking a question.

MR. ROBERTS: Mr. Speaker, may I go ahead without the crackies?

MR. SPEAKER: (Collins): Order, please!

MR. ROBERTS: Now, Sir, the government - there are a number of other things in their proposed development plans that I think they must be more forthcoming in respect of. They talk of a line to the Upper Churchill and intertie, so-called, between the Lower Churchill and the Upper Churchill, essential if the project is to go ahead, essential for all sorts of reasons detailed in the minister's statement. What is the cost of that? How much power must be moved over the line to make it viable? Then let me extend that. The minister half answered this next question this afternoon. If we forget for a moment the Lower Churchill itself and look only at the transmission line across the Straits to move recaptured power - the 300 megawatts we have the right to recapture and purchased power, whatever we can purchase from Hydro Quebec, how much power must be moved over that line to make it feasible? The minister, I think, said this afternoon it was between 800 megawatts and 1,000 megawatts or the kilowatt hours generated by that capacity of power.

Well, Mr. Speaker, that, then, gives us just another - if that is the figure, and I think I heard the minister correctly and indeed I am told it is probably 1,000 megawatts of power - let me stress that, Your Honour, unless a block of power of that size can be moved from the Upper Churchill to Forteau across the Straits and down through and on to the Island grid it is not economic, the cost differentials are staggering. To move five megawatts of power 100 miles is economically impossible, to move 1,000 megawatts of power 100 miles is economically quite attractive. There is a chart here which shows, taking Churchill Falls, 3 mls power at Churchill, at the site, taking a block of 5 megawatt power to move it 300 miles, Mr. Speaker, costs 64 mls. That is what the power would cost delivered 300 miles away. To move 15 megawatts of power costs only 26 mls, to move 300 megawatts of power costs only 7 mls, to move 4,800 megawatts of power costs only 3.8 mls. In other words, 3 mls for the power and .8 mls to transmit it all that distance as opposed to the 5 megawatt block which costs 3 mls and 61 mls to transmit it.

MR. ROBERTS: So the size of the block of power is all-important. If it is 1,000 megawatts, as I am told and as I think the minister said, then we are right up against the same question, how do we finance it? Where do we get the customer? It is not quite as bad as 1,800 megawatts. The cost may be not as large but we are still in the same sorry position. So, Mr. Speaker,

MR. ROBERTS:

I think the minister should tell us a little more about that. I think also we must be told a little more about whether Hydro Quebec have indicated any willingness to sell us more power, because if it is to be 1,000 megawatts we have only a right to 300. That is the infamous contract again. We only have a right to 300 megawatts out of the 5,255 megawatts of capacity. But the Upper Churchill, we have a right to the production from only 300 of them. If the Romaine is put into the reservoir, and the minister might be able to answer this question for me, if the Romaine is put in and produces, say, another 500 or 600 megawatts, do we have a right to that or is that power committed to Hydro Quebec?

MR. CROSBIE: The matter is in dispute.

MR. ROBERTS: Okay. Well, I am glad the minister said that because I have been told the same thing. Nobody is sure whether -

MR. DOODY: That is the contract again.

MR. ROBERTS: Yes, yes. I did not write the contract. Indeed I have never seen it. I have seen only some excerpts from it. But the fact remains, Mr. Speaker, -

MR. DOODY: There is a fortune in it for a lot of lawyers.

MR. ROBERTS: Well, could be. That is fair enough. But the fact remains that even if we increase the production of the Upper Churchill, as is certainly feasible economically and technically, and perhaps even desirable, if we increase that production, Mr. Speaker, there is no guarantee that we have a right to recapture it. Maybe under the terms of the contract it all has to go to Hydro Quebec. So we are in the soup again. That might be a case, by the way, for the consideration of legislation just clarifying that particular section of the contract. I do not think that is breaching our contract. I think that is a matter of making it clear that Quebec Hydro are not getting any greater benefits than they have got now. Heavens knows they have got enough. We would be master of our own domicile in that respect whether we own the Upper Churchill or not. The Province's legislative powers are not dependent upon the ownership of a few shares.

Mr. Speaker, the government have not told us very much about the

MR. ROBERTS:

way in which they propose to develop this. All they have said is, "We are going to stagger it out for a year with respect to the transmission line and the tunnel crossing. We are going to try to hold it down, and if Ottawa come through and if Quebec come though we will be okay." We do not know anything more than that. That is not enough in my eyes to enable us to vote in favour of that resolution.

Mr. Speaker, the government's plans, the evidence they have presented does not justify the confidence of this House. The Lower Churchill itself has been deferred, for how long, and when are we going to get it? When are we going to know? The cost is going up. Mr. Speaker, the government just have not come clean. Will Quebec - when we talk of the Lower Churchill, the Gull Island project, again it is mentioned in the minister's statement, in the policy statement that Quebec - we must look to Quebec for short term power sales. I forget the exact page but what we need from Hydro Quebec, we are told, is an agreement to purchase excess supply and capacity until such time as that energy can be used in the Province. Well now Quebec may be awfully nice people and the Government of Quebec may be an awfully good government, but are they going to make a deal with us just to favour us or are they going to make a deal only for their own best interests? Well is this in their best interest? Is it a realistic hope or is it just a pious wish? Is there some possibility that Hydro Quebec will have an interest in about 1980 or 1981 of purchasing some excess capacity, some excess production, the production of excess capacity at the Lower Churchill at Gull Island, or will they not? I mean we should know that now. The Hydro officials doubtless are aware of the forecast of Quebec's consumption needs and the forecast of the power available to meet those needs. Then if we get into it with Quebec are we in it for a long-term or a short-term? Short-term hydro commitments, Mr. Speaker, have an awful habit, I am told, of becoming long-term. The Beauharnois power development of the mid 1920's on the river of the St. Lawrence quite near Montreal was to be exported to Northern New York state for a short term. If Your Honour were to go back and read the Hansards of the Canadian House of Commons at that time

MR. ROBERTS:

that was the position of the administration of the day, Mr. Mackenzie King and his colleagues. That power is still going across the border, Sir, fifty years later. The same with the power in Western Canada, the Arrow project and the lower mainland of British Columbia, the high Arrow and the Mica Creek Dam, the projects there. That power, the Columbia power, is still going into the States and always will.

So I am not sure there is such a thing as a short-term power market. If there is it is only because Quebec happens to have a gap and we happen to be able to fill it, pure happenstance. But I just cannot accept the fact that Quebec will be short 1,000 kilowatt hours in 1981 or 1982 and do not know about it now, and if they know about it now they are doing something about it. That is no foundation on which to build a policy, Mr. Speaker. You know, if it is a realistic hope the minister has got to produce some evidence to show it. If it is not, let us put it aside. I think

MR. ROBERTS: We have been deluded too long. I think that people in this Province have been deluded too long on the Lower Churchill project. Is it a realistic hope or not? The governments tell us that it is, but I have my doubts, Sir. I have no secret information. I do not know what Hydro Quebec forecast as their consumption demands and what they say will be available to meet those demands. But unless they have a gap, a gap of demand higher than supply, Mr. Speaker, then they will not be getting, they will not be looking to us. We are useful to them only if we fill a need on their terms, and I do not think we can look at a \$2.3 billion project, and a large chunk of it dependent upon that. That is supposedly one of the two factors standing between us and the development of Gull Island. And the people down in Happy Valley and Goose Bay, some of them still believe that this thing is only deferred. Most of them are getting to realize the truth, that it is on a very long finger indeed and that until the government begin telling the people the full story nobody can judge and plan and act. And I do not think the minister and the government, Sir, have told us the full story.

Mr. Speaker, the government have not told us about the economic viability of the project. They have not told us about the size of the block that must be moved across Labrador to justify the cost of the tunnel or where we are going to use it or sell it. They have not told us how they are going to develop the Lower Churchill. All we have got are these airy-fairy statements that we will make a short-term deal with Quebec. Well I do not think that that is a realistic hope. I do not think it is. Maybe it is. But the minister has produced no evidence and I know the minister well enough to know if he had some evidence he would have produced it, but he has not produced it. All there is is just the assertion that we have to seek from Hydro Quebec an agreement to purchase excess supply and capacity until such time as the energy can be used here. But Quebec will not do that to help us, Sir, any more than Alberta will not lend us money to help us. If Alberta

MR. ROBERTS: lends us money it will be the normal market rate, Sir, and we will pay the normal market price for it.

Mr. Speaker, these are not new questions. They are the same questions we asked in the House eighteen months ago. They have not been answered. They were not answered then, they have not been answered in the interim, they have not been answered now, and in the meantime the costs are just going up. I cannot approve the policies suggested by the minister because I do not think it is the answer. I do not think he has shown the House why this policy he outlined deserves support. Oh I have no doubt he will win the vote, of course he will, that is foreordained. But I do not think the people of this Province, Sir, when they begin to realize how little information has been made available and how insubstantial is that information, I do not think the people of this Province, Sir, will support this policy.

MR. DOODY: You are hogging time.

MR. NEARY: He is filibustering.

MR. MORGAN: Tell him the reason why.

MR. SPEAKER (DR. COLLINS): Order, please!

MR. ROBERTS: Thank you, Mr. Speaker. The government's policy must be founded on the fact that the people of this Province, here and on the Labrador, must have power. And I am quite willing to say I believe that power should come from the Labrador. It should be used to develop the Labrador resources and used to develop the resources of this island. And the government may have come to grips with that problem, but they have not told the people of it. They have not provided an answer. The hon. minister's statement, Mr. Speaker, has more ifs in it than Rudyard Kipling's famous poem "If." And every line of that poem begins with the word if. The minister's statement is the same way, ify, squiffy, piffy, diffy, jiffy, but not what it should be.

Mr. Speaker, the people of Newfoundland and Labrador deserve answers. They need a government which leads. No one will minimize the difficulties of this project. It is a gigantic project. It is by far and away the biggest single project that any government in this Province

MR. ROBERTS: has ever undertaken. But that in itself should not frighten anybody. Nor does it, to my knowledge, frighten anybody. If it is a sound project we will make it work. We will make it work without driving the Province under. But the difficulties are there and they are great. They can be overcome and they must be overcome, but to be overcome, Sir, we must be given the full facts. Cannot we be trusted with the full information, with the answers? Cannot we be told all the truth about our future? It is not

Mr. Roberts:

time for loose talk. I have heard from too many hon. gentlemen who should know better about, oh well we have a great future if only we get the power. What are we going to do with the power here? Let them be a little bit more specific. This is time for hard-headed, bold, visionary, and strong leadership. This is what this Province must have now. It is what it must have in this field above all others. I believe the minister is capable of it. But, Sir, he has not shown it in this policy statement. The government for which he speaks has not shown it. The government's policy, Sir, is not clear, it is not even bold. I do not want to say we will vote against the motion. We may or may not vote against the motion. We will wait and see what answers the ministry can provide to the questions which I have asked or which other hon. gentlemen on this side will ask, and we will see then and we will reserve our judgment.

MR. SIMMONS: On the second part.

MR. ROBERTS: Whether we - oh, yes, my friend from Burgeo-Bay D'Espoir (Mr. Simmons) is reminding me that the second part is the matter in question, the first part there can be no doubt that the government have bungled horribly, unmistakably, terribly. Mr. Speaker, the second part of the motion - and we can force two votes if we wish by moving an amendment, you know, and force the vote on that particular point - the second part of the motion, Sir, let us see what answer the ministry can make. If they can make a good answer we will vote with them. It does not bother me, I am not the least bit worried, I would not have to hide my head. My constituents would understand the temporary aberrations.

Mr. Speaker -

MR. NEARY: If they are getting a tunnel they should.

MR. ROBERTS: Mr. Speaker, I wish they were sure they were getting the tunnel.

The government, Sir, -

MR. NEARY: Why do you not take a position.

MR. ROBERTS: The government, Sir, will not - the government will not tell them whether the tunnel is going ahead or not.

MR. MORGAN: He is against it.

MR. ROBERTS: Mr. Speaker, the debate - the minister in opening the debate, Sir, unfortunately, in my view, did not deal what I consider or what I believe to be the major problems, the major questions which must and should be answered in dealing with this motion. I regret that he went off on this tangent of dealing with ownership and so forth, and the hon. gentleman from Twillingate (Mr. Smallwood) may very well speak on that, and I will listen with interest. I am going to get a cup of tea out of it, but I think that is beside the point.

MR. MORGAN: If he can get a chance.

MR. ROBERTS: I am sorry?

MR. MORGAN: If he gets a chance to speak.

MR. ROBERTS: Why, Mr. Speaker, -

MR. ROWE: Why are you so concerned about it. What is wrong with you, my son?

AN HON. MEMBER: Oh, oh!

MR. ROBERTS: The hon. gentleman from Twillingate (Mr. Smallwood), Sir, has all the rights of any member in the House to speak.

MR. NEARY: Just a half an hour! Just a half hour!

SOME HON. MEMBER: Do you want to stay longer?

MR. SIMMONS: Do you want to stay?

MR. ROBERTS: Mr. Speaker, the member from LaPoile (Mr. Neary), who is sort of the roadrunner for the gentleman from Twillingate (Mr. Smallwood) in this debate, says that -

MR. DOODY: That is not fair.

MR. ROBERTS: It is perfectly fair. - say that half an hour. Well, Mr. Speaker, I am not responsible nor has the hon. gentleman from Twillingate (Mr. Smallwood) said anything about the fact. He apparently -

AN HON. MEMBER: Oh, oh!

AN HON. MEMBER: We all know that.

MR. ROBERTS: - he apparently wants to go away tomorrow. Well that is his problem not mine, Sir. The government, Sir, could have called this

Mr. Roberts;

thing -

MR. NEARY: You are making a fool of yourself.

MR. ROBERTS: The government, Mr. Speaker, -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (COLLINS): Order, please!

MR. MURPHY: A former colleague!

MR. ROBERTS: The hon. gentleman opposite is a former colleague of mine too, and I am just as happy about one as the other. Mr. Speaker -

AN HON. MEMBER: Oh, oh!

MR. ROBERTS: Mr. Speaker, the House can meet late tonight, if it wishes. The House can meet in the morning, if it wishes. The House can meet all night, if it wishes, and hon. gentlemen can speak as they wish. In the meantime -

MR. MORGAN: The hon. member agreed this afternoon.

MR. ROBERTS: What did I agree to this afternoon?

MR. ROWE: The hon. -

SOME HON. MEMBERS: Oh, oh!

MR. ROWE: That is not true.

MR. ROBERTS: I said I would say what I had to say, and if I had not been -

AN HON. MEMBER: What is the time now?

MR. ROBERTS: heckled and harrassed by hon. gentlemen opposite I would have probably been through in half the time I have needed. At least half of my time, Sir, has been dealing with the hon. gentlemen opposite in their constant barrage of attempts to divert, entertain, whatever they are doing.

SOME HON. MEMBERS: Oh, oh!

MR. ROBERTS: Now, Mr. Speaker, let me -

MR. SPEAKER (COLLINS): Order, please!

MR. ROBERTS: - let me try and finish what I have been saying, and then hon. gentlemen opposite can or on this side can do as they wish.

I have raised what I believe to be some very serious

MR. ROBERTS:

questions, and I have presented the evidence on which I have raised them. I would hope that some spokesman for the ministry, preferably the minister himself, but some spokesman for them, will answer. I will hope that other hon. gentlemen who speak in the debate deal with some of these questions one way or another. Their views may not coincide with mine. That is fair enough. Mr. Speaker, the fact remains that we are embarked on this great project. We have spent the \$160 million for the Upper Churchill shares. We are

MR. ROBERTS:

involved in a project that will cost at least \$2.3 billion if we are to bring it to fruition. We do need power. We do need, we do need this kind of project, Mr. Speaker. We do need it and we deserve it. We also need a government that will be bold and frank and complete and full and open about it. They have not been. Until they are -

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER (Mr. Collins): Order, please!

MR. ROBERTS: Hon. gentlemen opposite, Sir, are showing the effect of their high spirits. It is amazing how, as the evening goes on, the hon. gentlemen opposite get more and more spirited, Sir. Mr. Speaker, hon. gentlemen opposite, I hope, will take part in the debate. I, for one, I would rather like Christmas day off, I guess, but I, for one, would quite happily sit here from now until Christmas Day and after Christmas to discuss this issue. It is infinitely more important than much of what we have talked about. I hope when hon. gentlemen speak they will deal with the issues as they see them. It is not enough just to get up and to slang the hon. gentleman from Twillingate (Mr. Smallwood) or the contract which was made in the 1960's. There is nothing new to be said about that. It is just getting a little bile out of one's system to attack that.

It is not enough to get up and to say that this is a great project and we must go ahead heedless of the consequences because that, Sir, is to court disaster. This project deserves the serious consideration of all hon. gentlemen. We may not agree, but I, for one, am prepared to say that we all have the best interests of the Province at heart as we see them. We may or may not see them the same way, Sir. That is no harm. But I believe, Sir, this is a serious subject. I think the minister approached it as such, and I believe several hon. gentlemen opposite will equally approach it as such. I am sure the hon. gentleman from Twillingate (Mr. Smallwood) will approach it as such. I hope all hon. members do. It is the most important matter, Mr. Speaker, to come before this House in several years.

Let me finish as I opened by saying that the government are embarked on a great project. It could be a great disaster or it could be a great success. I think that all of us in this House must do anything we can to make sure that it is a great success. We, for our part, Sir, will do our part. Thank you.

SOME HON. MEMBERS: Hear! Hear!

MR. SPEAKER (Mr. Collins): The hon. member for Twillingate (Mr. Smallwood).

MR. SMALLWOOD: Mr. Speaker, it is twenty-five minutes to eleven o'clock and I know that I am not able to say what I want to say in twenty-five minutes. The Minister of Mines and Energy today took an hour or more to discuss the matter and the Leader of the Opposition has taken two and a half hours. I am sure that I cannot say what I have to say and what I need to say, what I think needs to be said and said by me, in merely twenty-five minutes, cannot do it. Now I have booked passage for my wife and myself at seven o'clock tomorrow morning by air to Florida where I have an apartment, as is well known, where I propose with my wife and my grandchildren and two of my great grandchildren to spend a couple of weeks, Christmas and New Years, and I do not care I am going to do that, Mr. Speaker. It is just that simple. I am going to do it. So, I have twenty-five minutes and I will see what I can say in that time. I am sorry that the hon. the Leader of the Opposition is not here to hear what I said. I have been here for every second to hear what he said.

MR. SIMMONS: He is getting a cup of tea.

MR. SMALLWOOD: As I was here also to hear every second of the speech of the hon. the Minister of Mines and Energy.

Now, number one, I want to say -

MR. WELLS: If the hon. member would permit, I certainly would recommend to my colleagues on this side of the House that the hon. member, so he can plan his remarks, be allowed by leave to continue until eleven thirty. I would like that.

SOME HON. MEMBERS: Hear! Hear!

MR. SMALLWOOD: I am most grateful for that.

MR. F. ROWE: We certainly consent.

MR. SMALLWOOD: Number one I want to --

MR. SPEAKER (Mr. Collins): Order, please!

I believe that it would be in order to get a vote from the House, would it not?

It has been moved that the House sit until eleven thirty.

Is it by leave?

SOME HON. MEMBERS: By leave.

MR. SPEAKER (Mr. Collins): By leave, the hon. member for Twillingate (Mr. Smallwood).

MR. SMALLWOOD: Mr. Speaker,

Mr. Smallwood.

Number one, I wish to express my congratulations to the Leader of the Opposition on what I considered to be a fine speech. It was a good speech. It was full of fact and full of argument, and I think it was pretty solid and pretty sound. Number two, I would like to express a word of congratulations to the Minister of Mines and Energy on a magnificent speech that he made here today. It, too, was full of fact and good solid argument. The fact that I do not agree with his conclusions, with the argument that he used, is beside the point. It was an excellent speech. Number three, before I go on, may I say that I am sure, quite sure, that I express the feeling of every hon. member of the House when I say that we heard on radio and television tonight, with deep regret, the news that the Premier of this Province has had to enter hospital and undergo an operation. I am sure that it is the wish of every hon. member here that he comes true with flying colours.

SOME HON. MEMBERS: Hear, hear!

MR. SMALLWOOD: Now there are two or three points that I would like to clear up as we go along. The Minister of Mines referred to point A, a historic point, a historic fact, a fact of tremendous excitement and energy at the time it happened. The Province of Quebec was claiming that they owned Labrador. We knew that they did not. We knew that we did. They claimed they owned Labrador. The Premier of Quebec, Jean Lesage, had to argue that they owned Labrador. So when the question of the sale of Labrador power to Hydro Quebec, in other words the Province of Quebec, arose, the question was, where? They were not going to allow Labrador power or any power to traverse, to cross their province, unless they owned it. They were not going to allow any power that they did not own to make entry into their province. So Labrador power, as it entered their province, had to enter it at the border, but they were not admitting any border. So they had this polite fiction of point A, which really was a euphemism for 'border.' So they would buy it at the border, at point A. Now there were two reasons for that. The first reason was that they did not want to admit that this was a border. The only

Mr. Smallwood.

border they admitted was the Atlantic Ocean. Quebec went all the way out to the foreshore. The other reason was that if the power crossed the border and was bought in the Province of Quebec, inside Quebec territory, then Quebec stood to gain untold millions of dollars through the federal taxation arrangement with regard to power at that time, as it existed at that time. So this polite fiction of point A arose.

Now I would like to say a word about Romaine's River. Is it Romaine's River or Romaine's Brook? We have a Romaine's Brook here on the Island, but in Quebec it is called?

MR. CROSBIE: The Romaine,

MR. SMALLWOOD: The Romaine or Romaine's River.

I negotiated over a period of a year or more with Jean Lesage, the Premier of Quebec, with regard to a number of rivers originating in Labrador, crossing the border into the Province of Quebec, coming all down through and emptying into the Gulf of St. Lawrence, the north shore of the Gulf of St. Lawrence. The hon. members may remember that the border separating Quebec from Labrador at one point runs straight east-west. If hon. members can picture it in their minds, it starts at a point - where is it? Point Amour, is it? Where is it?

MR. CROSBIE: Blanc Sablon.

MR. SMALLWOOD: Blanc Sablon on the Gulf coast, on the coast of the Gulf of St. Lawrence, and goes straight north. Then it turns and goes straight west for a distance of, it must be, I do not know, a couple of hundred miles. Those rivers originating in Labrador crossed that east-west border and come down into the Province of Quebec and empty into the Gulf of St. Lawrence.

MR. SMALLWOOD: Now you cannot develop electricity from water that just flows down unless you can control the head waters. You have got to find a head, you have got to find a place where the water falls, and it is falling water that creates electricity. So we had the head waters. They had the rivers. They could do nothing without us. We could do nothing without them. And so Lesage and I talked over a period of about a year about a joint development of those rivers including the Romaines or Romaine River. As I recall the estimated power of those rivers originating in Labrador, in Newfoundland soil but crossing the border, ran to perhaps 3 million or 4 million horsepower. Now at that time it was not so terribly urgent because there was lots of power. There was no shortage of power. Crude oil from Kuwait in Saudi Arabia and Iran and Indonesia and Libya and all the other sources of crude oil, crude oil was running at about \$1.50 a barrel, not the \$11.50 it is now, \$1.50 a barrel. And power was relatively cheap. So there was no great urgency about developing those rivers which originated in Labrador and ended up in the Gulf of St. Lawrence having on the way along passed through the Province of Quebec. So we negotiated the idea of the two provinces working jointly to develop that power.

And I mention that in passing, Mr. Speaker, for a very good reason, that this is terribly important now with oil at \$11.50 and going to \$25 in the next ten or fifteen years, twenty years. Crude oil is going to be one of the rarest of all natural resources on this earth in a very few years from now. And so, of course, therefore, obviously, it hardly needs to be said, energy that can be developed by falling water is the cheapest and the most enduring energy there is on earth because once you have spent your money to develop it after that there is no expense. You can go on for a thousand years unless the nature of climate and weather changes and there is no water, there is not falling water. But so long as there is then there is no expense. You hire a few men. The vast Churchill Falls Power Development has a handful of men working today in the town of Churchill Falls. They have spent \$150 million or more with labour and \$1 billion altogether to develop it, but once it is developed there is

MR. SMALLWOOD: no cost after that. The only cost is the cost of servicing the debt. You borrowed the money to do, you pay the interest and the sinking fund, that is your cost, and that does not change.

So today that power in Labrador and going down through Quebec is terribly, terribly important, and I would suggest to the Minister of Mines and Energy that he will not have any great difficulty in coming now to a deal. Almost Quebec was ready to come to a deal with me, but not quite. Now they will come to a deal, I venture to say, and be happy to get half the power with Newfoundland getting the other half.

Now I want to say as I go along also this, that I asked BRINCO to make a survey of other watersheds in Labrador, not only Churchill Falls watershed, Upper and Lower, but other rivers and other watersheds and other hydro electric potential, and they did it. They made the survey and doubtless the Minister of Mines and Energy has these reports now because they must be down in this building here somewhere and if not perhaps they are in my papers as Premier. I took away a couple of tons of Premier's papers which are now in possession of the university. I gave them as a gift to the university, but probably they are here in this building.

BRINCO did make a study, now it was not an exhaustive and a definitive study but they did make a study of the other rivers in Labrador, and I would venture to say that in Labrador today with the 7 million horsepower on the Upper Churchill and the 2 million horsepower on the Lower Churchill, that is 7 million,

MR. SMALLWOOD:

that you have another 4 million in other rivers, that is 11 million, and about 3 million in these rivers that cross the border. That is 12 or 13 million horsepower of potential electricity in Labrador, which is one of the world's greatest sources of hydro-electric energy. It is fantastic. It is nothing less than fantastic and God gave it to us, gave it to Newfoundland, gave it to this Province and we naturally have to develop it. It is one of the great heritages, one of the great gifts that the Almighty has given to us and it is our duty to develop it at the right time and in the right way.

Now I want to say a word in passing about the terrible shame that I committed, so I am told, in selling Newfoundland's heritage to Hydro Quebec. As Premier I allowed Brinco to make a deal with Hydro Quebec, with the Province of Quebec, under which Quebec would buy all of the 7 million horsepower to be developed on the Upper Churchill less 450,000, less than half a million horsepower, that we could get back at any time we wished throughout, I think, the life of the contract, provided we gave them three or four years notice, some reasonable notice - this is what is known as the recall power - that this was a shameful thing. This was a sell-out of Newfoundland by Newfoundland, by this government by the previous government, by my administration. Mr. Speaker, we could have said no, we will not allow it, we will not allow any electricity to go to Quebec. We could have done that in which case \$1 billion, \$1,000 million would not have been spent to develop the Upper Churchill, in which case no Newfoundlanders would have been employed, in which case no money would have been spent in Labrador for Newfoundlanders. Let me tell you, Mr. Speaker, that the employment of Newfoundlanders in the development of the Upper Churchill was one of the greatest things that ever happened in Newfoundland from 1497.

There were - I tell the story in my own autobiography at page 469 - 21,000 Newfoundlanders have found work on the great project, 21,000 Newfoundlanders, and have received \$121 million in wages. Who is able to tell us how many houses were built out of that \$121 million?

MR. SMALLWOOD:

How many shops, how many offices, how many trucks, how many buses, how many taxies, how many other ways of making a living for thousands upon thousands of Newfoundlanders throughout this entire Province? Who is going to tell me the number? One hundred and twenty-one millions in seven years paid out in wages to 21,000 Newfoundlanders. This was a tremendous advantage to Newfoundland, but it was not only the jobs.

I often hear the argument used that this industry or that industry does not amount to anything because all it amounts to is the work there was while the construction was going on. Well, in addition to the construction there was in the building of the Upper Churchill, in the spending of \$1000 million, \$1 billion, slightly below that, and the employment of 21,000 persons and the spending of \$121 million in wages, in addition to that the agreement that was made between Churchill Falls Power Corporation controlled by Brinco and Hydro Quebec, according to that agreement there were benefits to come to Newfoundland.

What is Newfoundland going to get out of the Churchill development in cash revenue? Now this is before it was nationalized. The value of the return from the Upper Churchill will average between \$15 million and \$16 million a year. That is Upper Churchill. During the forty year contract with Hydro Quebec Newfoundland will receive over \$600 million from the Upper Churchill.

MR. SMALLWOOD:

The corporation relieves the government -that is the Churchill Falls Power Corporation- relieves the government completely of the burden of providing building or maintaining roads, hospitals, police services, the fire department and the airport. The Lower Churchill deal, I went on to say, has not been negotiated as this is written - when I was writing this book. But undoubtedly that will add substantially to the government's revenue. As it stands at this writing the government will receive a royalty - this is before it was nationalized - of fifty cents per horsepower for the electricity sold, eight per cent of the profits of the company taken off the top before taxes, which is the equivalent, I believe, of eleven per cent after taxes, and half of the taxes the company will pay to the Government of Canada will come to the Government of Newfoundland. The Government of Canada has agreed to pass back to the Newfoundland Government all but about five per cent of their take each year, as the minister and I sort of debated here momentarily this afternoon. The Newfoundland Government has agreed, as one of the inducements to get the project going, to return each year approximately one-half of this payment to the company from which it came in the first place. Company pays the corporation income tax to the Government of Canada. The Government of Canada retains but 4.6 per cent, roughly 5 per cent of it for the cost of handling it, and passes 95 per cent approximately back to the Government of Newfoundland. But the Government of Newfoundland, which had already been getting 50 per cent of it, and 50 per cent of the taxes paid to Canada by Newfoundland Light and Power Company and the Union Light and Power Company and any other power companies in this Province - already getting 50 per cent - now got 95 per cent, but the Government of Newfoundland agreed, to get the project going, to give the corporation back 45 per cent of what they had paid to the Newfoundland Government. So that, Mr. Speaker, the benefit to Newfoundland was not merely the employment of 21,000 Newfoundlanders getting \$121 million wages for seven years, but an agreement under which the Newfoundland Government would receive more money in the life of the agreement with Hydro Quebec than the shareholders would receive.

Now just please, Mr. Speaker, let me emphasize that. We have the

MR. SMALLWOOD:

potential power, we had the water, we had the river. That is all we had. Well, we had that. We had the river running. It had run for ten, twenty, fifty, 100,000,000 years to waste, one of the great sights of the world. I saw it before it was developed, I flew over it, one of the great sights of North American, a vast water power falling over that great falls and it had done that for tens of millions of years. And we had our choice as a people, as a government, as a Province to let it go on forever again, forever and ever running to waste and not giving anybody a job, not giving anybody a dollar, not producing anything at all. We could have done that. But we said no, God has given us this water and this watershed. Let us develop it. Well, we did not have any money to do it. It cost \$1 billion, \$1,000 million to do it. We did not have \$1,000 million. We had to get somebody who had a \$1,000 million, or who could get it, to develop it. So we got BRINCO, and BRINCO and I between us spent seventeen years trying to get it going.

The Government of Quebec said, "Look, dare you set foot on our territory. We will not let you build a transmission line. We will not let you transmit any power across our territory." Sovereign Quebec, holy and sacred Quebec, "You will not put any power through this Province."

Mr. Smallwood.

And that was that. There was no argument with that. There was one possible argument which I almost used, but did not. They said that you cannot deliver your power to Ontario. You cannot deliver it to the Maritime Provinces. You cannot deliver it down into New England. You cannot deliver it to light the streets of New York. You cannot go across our soil! So I went over to Sweden, and I went to Stockholm, and I saw Asea, the greatest authority in the world for the delivery of power, high voltage power, direct current, by submarine cable - the greatest authorities in the world. They said, "Yes, it could be done. You could bring the power across the Strait of Belle Isle, and you could take it across Cabot Strait, and you could take it on down through the Maritime Provinces - Nova Scotia, New Brunswick - into Maine. You can do it. It is practical." "Well," I said, "look here, I cannot take your word for that." They gave me the name of the greatest firm in the world, in that field Preece, Cardew and Rider in London. So I flew the next day and saw them in London and engaged them subject to confirmation by the cabinet. The cabinet confirmed it, and we engaged them. We paid them the ridiculous amount of \$100,000. Today it would be \$1 million. They made a study of bringing the power across the Strait of Belle Isle down the West Coast of Newfoundland to Port aux Basques and across the Cabot Strait and then on from there.

MR. DOODY: Would the hon. member permit a question. Could not the Government of Canada at that time have decreed that the national interest would dictate -

MR. SMALLWOOD: There is one thing we could have done, and I will come to it. I will dispose of that right now.

MR. DOODY: I am sorry.

MR. SMALLWOOD: I will dispose of that right now.

The Government of Canada had the right constitutionally to declare that work, the development of Churchill Falls, to be in the national interest. I tell the story here in my book, The hon. gentleman if he would care to read it -

MR. DOODY: I have an autographed copy, Sir.

MR. SMALLWOOD: It is autographed. Well, read it.

MR. DOODY: It was a Christmas gift.

MR. SMALLWOOD: It is not only enough to have it autographed. It is useful to read it. In it I tell the story of my getting the cabinet to agree. I dictated a letter to the Prime Minister of Canada. I signed it, and I took it aboard a plane with me, and I went to Ottawa, but on the way to Ottawa I stopped at Montreal, and the whole gamut of Churchill Falls Power and BRINCO met me and pleaded with me and pleaded with me and pleaded with me not to take the letter to the Prime Minister of Canada. And they told me that if I would hold off for a day or two they would produce for me an undertaking by the Province of Quebec to sign the deal. That is how we got it signed, by the way, because I threatened to ask the Government of Canada to do something which would have been horribly embarrassing for the Government of Canada to do; namely, to declare it to be in the national interest. Now suppose it had been so declared, what would have happened is this. That a transmission line could have been built across the face of Quebec. How good would it be? How long would it last going through the wilderness? How many bombs would be required? Say, one bomb a week, one bomb a week permanently, a permanent one bomb a week, and you put that great transmission line out of commission.

MR. DOODY: Is this Canada?

MR. SMALLWOOD: That is Canada, yes. That is Quebec, yes. That is what would have happened. Obviously that would have happened. So it was inestimably better to get Quebec to agree, and Quebec did in the end finally agree.

Now I want to touch on another subject. Quebec pleaded, Jean Lesage and Rene Lesveque pleaded with me, to have Newfoundland join with the Province of Quebec jointly to nationalize the whole thing. They pleaded. They pleaded with me, and gave me figures, gave me statistics to prove that this was the thing to do. Now if it had

Mr. Smallwood:

been Ontario - I will be quite honest about it - or Nova Scotia or New Brunswick or almost any other province of Canada, I think I would have been greatly tempted, but not the Province of Quebec. One horse and one rabbit does not make the best kind of a team, and I was not prepared to do it. Now secondly, I

MR. SMALLWOOD: had an offer from the great financial house of Dillon Read in New York. Now Dillon Read are the second or third mightiest financial power in the whole of the United States and therefore, I suppose, in the world.

Peter Flannigan came down repeatedly to St. John's. He came over to my house on Roaches Line, I brought him to Cabinet meetings, I brought him into lunch in the Premier's private dining room downstairs, and in Cabinet meetings, and Peter Flannigan for Dillon Read - a firm, by the way, which had had a lot to do with hydro electric development in North America - had a proposal to make. He said, "You go ahead - you, the Newfoundland Government - you develop the Churchill Falls, you build the transmission line, you build it across the Straits of Belle Isle, you bring it down to Port aux Basques, you take it across the Cabot Strait, you bring it to Nova Scotia, you bring it through Nova Scotia, you bring it through New Brunswick to the border of Maine. Now at the border of Maine we will build a transmission line which will be publicly owned, publicly owned." Under United States law, at least as it was then, the existence of that publicly owned transmission line from the Canadian border down to New York serving all of New England, the power coming over that line would have been completely exempt from American taxation. Now it did not matter so long as the power that came over that line was publicly owned. In other words, to exempt, to escape, the money would be raised in the United States and it would be easy to raise it if you did not have to pay taxes on it. So the way to get that exemption and make it easy to raise the capital, easy, the way to do it was to make it public power. Government develop the power, government build the transmission line, government build the tunnel or lay the power cables along the floor of the ocean, government bring it to the border of the United States.

Then a publicly owned transmission line, to be owned by Maine and Vermont, and New Hampshire, and Massachusetts and New York, the governors - I met those governors, I discussed it

MR. SMALLWOOD: with those five governors—they would jointly build a publicly owned transmission line from the American border to New York and this would make the whole thing exempt from American taxes so that the money could be arranged. But to do that meant that we had to nationalize it and to nationalize it we had to face the same thing that the present administration faces. We had to do the shameful thing, we had to do the scandalous thing, we had to do the indefensible thing, the most scurrilous thing that has ever been done in Newfoundland's history, we would have had to do it, We did not do it, The present administration did it.

MR. CROSBIE: No, we bought it.

MR. SMALLWOOD: It is inexcusable, it is -

MR. CROSBIE: We bought it.

MR. SMALLWOOD: I know.

MR. NEARY: It was not paid for.

MR. SMALLWOOD: I know, I know. Brinco, Churchill Falls Power Corporation having spent \$1,000 million, \$1 billion, you did not say, we are going to take it and we are going to take your \$1 billion, We are going to take it from you, We will pay you for it but we will take it from you. That is what the government said.

MR. DOODY: We made them an offer they could not refuse.

MR. SMALLWOOD: The legislation was on the Order Paper and this House passed it, and the Liberal Opposition of that day passed it to their eternal shame! Eternal! They will never live it down, nor will the present administration because it was the most scandalous, it was the most scurrilous, it was the most indefensible thing ever done by any government in Newfoundland's history!

MR. CROSBIE: Why?

MR. SMALLWOOD: I will tell you why. I will tell you why. If I as Premier of this Province had not gone over to England, if I as this Province's Premier - remember I was the Premier -

MR. CROSBIE: We cannot forget it.

MR. SMALLWOOD: No, and do not forget it.

MR. CROSBIE: Never could.

MR. SMALLWOOD: I went as the Premier of this Province.

MR. DAWE: Right.

MR. SMALLWOOD: Right. I talked with Churchill and I talked with the Rothchilds and I talked with all of them and I said to them, "Come, we want you. Come to Newfoundland and develop this great resource. We do not have the know-how, we do not have the skill, we have not the experience and we have not the capital. But you have all that in England and what you have not got you can get. Come and develop it," I said to Churchill, the great Churchill,

MR. SMALLWOOD:

I said to him at 10 Downing Street, "Sir, we have a great new imperial resource." And they came and they developed and they spent seventeen years at it. They developed it and they raised \$1 billion, \$1000 million. The minute they had it done, not quite done, not quite - it took a year after before the thing was in full production - in comes the very government - now it is a different administration. The same Province, the same Union Jack, the same laws, the same legislature, different personnel - in comes the same Newfoundland government and kicks them in the face and takes it from them.

MR. CROSBIE: No, no.

MR. SMALLWOOD: Now, if they had given it to them - yes they took it from them.

MR. CROSBIE: No, no.

MR. SMALLWOOD: The minister told us this afternoon that if they did not, they would have forced them to take it. So they did take it. They took it forcibly. In under the Union Jack they did this. In a British land they did this. If they had let Brinco have a run for their money, eight years, ten years, twelve years, fifteen years, then nationalize them as every province in Canada did - remember that virtually every province in Canada nationalized electricity. There is not much private electricity left in Canada today. But in every instance where the government of a province nationalized, they did it after private enterprise had taken the risks, provided the capital, operated it for ten, twenty, thirty, forty, fifty, sixty, seventy years, a long run for their money, then stepped in and nationalized them. If we had done that in Newfoundland it would have been accepted throughout the world as a rational and a fair thing to do.

But the minute we plead with them to come here and develop this power, and they put together the greatest construction combination the world has ever seen, and they build it and finish it a year before it is due to be finished, and it did not cost them one dollar more than the estimate - they did a magnificent job - just before it was finished, lo and behold, the government of Newfoundland walks in, kicks

MR. SMALLWOOD:

them in the guts -

MR. DOODY: Now now, Sir!

MR. SMALLWOOD: Yes, kicked them in the guts. Do not tell me. I know. I was in hourly contact with Sir Val Duncan and with the others who were negotiating with the government. The Premier of Newfoundland no sooner walked out of the meeting in London when they telephoned me from London. The Minister of Mines and Energy had scarcely walked out of the office in Montreal when they phoned me, and from then on I was in constant touch, and I know the bludgeoning and I know the brutal way in which the government took it, the horrible - forget that. Let us forget whether it is brutal or whether it was fair or what it was. The fact is they took it.

Now this was the most incredible blunder that any government in Newfoundland ever committed, and God in heaven knows that all governments have committed some frightful blunders including the administration, my administration of the Queen's government. He committed blunder after blunder, but no blunder is to be mentioned in the same breath with this one.

Now, Sir, one of the really terrible things, hard to take, hard for me to take is the argument that was put up that I had sold out to Quebec, this great God-given wealth of Newfoundland I had given it away to Quebec, given it away to Quebec at a price of 2 or 3 mills, 3.5 mills, two-and-a-half-tenths of a cent, three-tenths-of-a-cent, three-and-a-half tenths of a cent. I had given it away. So I was a cur. I was a traitor to Newfoundland. I was a fool. I was a scoundrel. I was anything but a good statesman, anything. You could pick any word you liked but statesman would not be among them to describe what I did, and what my colleagues in the cabinet did, I think including the Minister of - I do not know if the Minister of Mines and Energy was a member of my cabinet at that time, or if the present Attorney General was a member of my cabinet at that time, but my whole cabinet agreed. We were proud of it and we were happy

MR. SMALLWOOD:

and we did it. But we were traitors. We sold out to Quebec.

Now, what do we find today? We find this afternoon, we find tonight that Her Majesty's government in this Province under the present administration want to develop the Lower Churchill but they cannot.

MR. SMALLWOOD: They cannot do it. One, because they cannot find the billions that are needed to do it. Two, because they cannot get Quebec to buy the power, because Quebec will not buy it. Quebec? No, it cannot! I have been mistaken! Where was it? It was the Atlantic Provinces, it was the Maritime Provinces, it was Ontario, was it not? Where was it? It was New York, it was Maine, it was New Hampshire, it was Vermont, was it not? No! It was Quebec!

MR. CROSBIE: The Anglo-Saxon route!

MR. SMALLWOOD: Quebec will not buy it. So we drop it, from the very administration that crucified me for having betrayed Newfoundland by selling the power to Hydro Quebec. Thanks be to God! Thanks be to God Quebec will not buy! I thank God in Heaven that Quebec will not buy it, and I pray to God that never will the day come when they will buy it, because I have another proposal to make, another proposal.

Now the government are saying, all right, politely they say, it is deferred for a year, why does the minister not, to use a term that has been used here, why does he not come clean? A year, is he kidding, is he pulling our leg? A year. Let me tell you! When Churchill Falls was taken over, BRINCO - Churchill Falls shares were bought out, the Premier announced that in 1974 that to develop the Lower Churchill and build a transmission line was going to cost \$1.1 billion, \$1100 million. Then in the same year a little later on he changed the figure from \$1.1 billion to \$1.3 billion. Then in this present year he made a new figure, the Premier did, of \$1.6 billion. That was about three months ago. Then again later in this present year he made a new figure of \$2 billion and then here a week ago the Minister of Mines and Energy announced \$2.3 billions - \$1.1 billion, \$1.3 billion, \$1.6 billion to \$2.3 billion in less than two years.

I have news for the minister, do not kid us, and above all let him not kid himself that this can be done, the Lower Churchill can be developed for \$2.3 billions. Now \$2.3 billions is a figure to make your blood turn cold in this little Island Province of ours, make your blood turn cold! But do not let us kid ourselves that it can be done

MR. SMALLWOOD: for \$2.3 billion. Three billion dollars it will take and you will be lucky to get it done for \$3 billion to develop the Lower Churchill and build the transmission line and the tunnel. And do you know what that would mean? \$3 billion dollars to do that job, to service the debt you cannot borrow the money without paying interest. People are funny like that. They will not lend you \$3 billion without you agreeing to pay interest and sinking fund. And the servicing of that \$3 billion debt will cost you \$400 million a year on top of the \$100 million you are paying now on the public debt. That is \$500 million a year, that is half a billion.

Are we gone crazy? Are we gone mad? Have we lost all sense of sanity altogether on this little rock? Over \$700 a year for every man, every woman, every infant child in our Province, \$700 - \$2,800 for every family if you go ahead with the Lower Churchill each year on top of the present existing debt. Madness, insanity! I plead with the government to drop it, stop it. I will make a suggestion to them of what to do.

MR. SMALLWOOD:

I believe that you have in Labrador a net of about 15 million horsepower of electricity that can be developed, seven million Upper Churchill, two million Lower Churchill. By the way, in passing, the seven million horsepower on the Upper Churchill cost \$1 billion, \$1 billion, \$1,000 million, a little less. The two million horsepower, that is less than a third, is going to cost three billion, three times as much with transmission line and tunnel, three times as much to develop two million horsepower as it cost to develop seven million horsepower on the Upper Churchill.

MR. DOODY: Are they all in the same year's dollars?

MR. SMALLWOOD: No, different years, different dollars.

MR. DOODY: The inflation -

MR. SMALLWOOD: Inflation has cost a lot.

MR. NEARY: There would be no Lower Churchill, by the way, but for the Upper Churchill. It would not be feasible to do it. It is in your book.

MR. SMALLWOOD: That is so, yes. Now, I suggest to the government, and I ask them not to take this - God in Heaven! Look, I am not a politician anymore! I am not!

MR. CROSBIE: What?

MR. SMALLWOOD: I am not a politician. I am not now making a career in politics. I am not. Surely the hon. minister has sense enough to realize that. On Christmas Eve I will be seventy-five. What do you think, I am starting a new political career? I am not a politician. I am a Newfoundlander and I am going to be here in this House until the general election comes. Now what I will do then is another horse of another colour. But until then -

MR. DOODY: That is right. However, options are open.

MR. SMALLWOOD: - until then I am a retired politician who has momentarily re-emerged in this Chamber. And I plead with the government to hear what I am about to say, not as a bit of political propaganda, not as anti-government propaganda, and that is this: number one, forget the transmission line. If you build a transmission line, Mr. Speaker,

MR. SMALLWOOD:

from the Upper Churchill to Lower Churchill, from the Lower Churchill to the North Shore of the Strait of Belle Isle, a tunnel across the Strait of Belle Isle, down the West Coast of Newfoundland to Deer Lake and then across to St. John's, you build that and you are talking about \$1.25 billion, \$1,250 million, in other words, \$1,250 million. And that will cost to service that - you have to borrow that to do it, if you can get someone to lend it to you - that will cost you every year, that will cost you, that will cost you at thirteen per cent, thirteen per cent interest and sinking fund combined, thirteen per cent - reasonable now, nowadays? - thirteen per cent, could well be more but take it at thirteen per cent, that is \$162 millions a year. Your transmission line will cost \$162 millions a year. Now, if you bring back over that transmission line the recallable power, which is 300 megawatts, which is roughly 450,000 horsepower rounded out at half a million horsepower, do you know what it will cost you to bring half a million horsepower over that transmission line and tunnel, that costing you \$1.25 billion at thirteen per cent a year, that will cost you forty-nine mils a kilowatt hour, that is five cents a kilowatt hour just to transmit it, not to buy it. Over and above the cost of buying there is five mils. So certainly you are not going to build - are you going to build a \$1.25 billion transmission line to carry half a million horsepower of electricity here to St. John's? You are not going to do that are you? And the cost of five cents a kilowatt hour just to transmit it, not counting what you pay to buy it, you are not going to do that. No you say, we are going to bring three-quarters of a million. We are going to bring 750,000 horsepower. That is still thirty-two mils. I was interested in the minister's figures of something he talked about, some twenty mils, twenty-five mils, between twenty and twenty-five mils and I perked up my ears. Three quarters -

MR. CROSBIE: It depends upon demand.

MR. SMALLWOOD: Well, yes - no, the line -

MR. CROSBIE: The load, the line load.

MR. SMALLWOOD:

The line from the Upper Churchill to St. John's will cost you \$1.25 billion. Now you may borrow some of it from the Government of Canada, and they may forego the interest for five years, but you are not talking about five years, you are talking about fifty-five and seventy-five years.

So it is \$1.25 billion at 13 per cent, or whatever cost you had to start with what it was going to cost you right on through to the end.

MR. CROSSIE: We will not do it under 300 megawatts.

MR. SMALLWOOD: You would not do it for that much.

MR. CROSSIE: No.

MR. SMALLWOOD: No. So instead of 500 you make it 750,000, three-quarters of a million horsepower, and that is 32 mils, so you say, no, no, no, no, no, no, now, no, no, not three-quarters of a million, we are going to make it a million horsepower, and assuming you can get one million horsepower, and I know that you can, because I said here either interrupting the Leader of the Opposition or the minister, I forget which here today, this afternoon or tonight, I said what is going to stop you? If you are the government and this is the sovereign legislature of Newfoundland, and if you want a million horsepower you will get it. Of course you will get it, who is going to stop you, as C.D. Howe said about the million dollars, who is going to stop us? Who is going to stop Newfoundland from getting a million horsepower? Even then you are paying two and a half cents a kilowatt hour just for the cost of transmitting it.

Mr. Speaker, this is \$300 a head for every man, woman, and child in Newfoundland, that is \$1,200 a family, every year, the cost of that transmission line on top of the present debt. I beseech the government (a) drop the whole idea of a transmission line and tunnel. Drop it! Drop it like a hot brick! Drop it! It is too rich for our blood! It is too expensive! Do not think there is one day in the distant future you are going to get the Lower Churchill developed, and then you bring that 2 million horsepower over it, because the

Mr. Smallwood:

transmission line you are going to build, Sir, is not going to be able to carry it. If you are going to build a transmission line that will carry a million horsepower from the Upper Churchill, and keep in reserve capacity in that same transmission line for another 2 million on the Lower Churchill, 3 million, you are not going to build for \$1.25 billion.

MR. CROSBIE: You are only going to do it one at a time -

MR. DOODY: That is right!

MR. SMALLWOOD: One at a time.

Now I beseech the government to drop the idea of that transmission, except maybe now from the Upper Churchill to the Lower. Okay, I will go for that. That should not cost an awful lot.

MR. DOODY: From the Lower Churchill to Happy Valley-Goose Bay.

MR. SMALLWOOD: Is there any estimate of what that will cost from the Upper to the Lower Churchill?

MR. CROSBIE: Yes, but not right on.

MR. SMALLWOOD: To, say, to bring down a million horsepower, perhaps, perhaps \$50 million?

MR. CROSBIE: To bring it in to Happy Valley-Goose Bay.

MR. SMALLWOOD: Yes. About \$50 millions.

MR. CROSBIE: About that.

MR. SMALLWOOD: Yes. About \$50 million. Around that. Okay. \$50 million. Okay, I will go for that. I will go for that \$50 million to connect the Upper with the Lower Churchill.

In Labrador I asked the government to do what I dreamed of for the whole Province, but do it for Labrador - iron ore, base metals, offshore oil, offshore gas, and power. What a combination! Few spots on this earth with that kind of a combination. Now, you know, you have not got the gas yet, you have not got the oil yet -

MR. DOODY: We have got the ice.

MR. SMALLWOOD: - you have not got the power yet either.

MR. DOODY: No but we have got the ice.

MR. SMALLWOOD: And you have the ice. The last word I have gotten written down here to remind me is the word "ice".

MR. DOODY: I am sorry, Sir.

MR. CROSBIE: Oldford Bay is it?

MR. SMALLWOOD: No, not Oldford Bay. Before you know it, Mr. Speaker, ice will not be a problem -

MR. LUNDRIGAN: Hear, hear!

MR. SMALLWOOD: - to shipping. That is coming and coming fast.

MR. LUNDRIGAN: Very fast.

MR. SMALLWOOD: It may be a laser beam, one each side of the bow of the ship and just disintergrating the ice as the ship goes along. It may be anyone of a dozen ways, but do not think that mankind is going to be a victim and a prisoner of ice very much longer. With oil to be brought in to the mainland of Labrador, with gas to be brought in, perhaps liquified and then gasified, and then liquified again, with iron ore to be smelted, be smelted - we are producing there now on our territory, on our God-given Labrador we are producing - what are we producing, 20 million tons or more of iron ore each year? Do not think that the government - let the government not think of the government doing it. Let not the government think that they will do it, that they will finance it. Go to the two iron ore companies, go to the oil companies,

MR. SMALLWOOD: go to BRINCO, go back to BRINCO, to Churchill Falls power and ask them if they will take back their shares and give you back your \$167 million -

MR. CROSBIE: Not a chance.

MR. SMALLWOOD: - and build a new empire but with private capital, because it will take billions, it will take \$5 billion, \$6 billion, \$8 billion and build a great new empire in Labrador. Why not? Why not? Do not listen to this superstition about weather, this superstition about climate. That is arrant childish nonsense. It does not mean a thing, weather and climate. It does not mean a thing. Build a great industrial empire employing 25,000 or 30,000 men, with multiplier jobs another 25,000 or 30,000, that is a population of 150,000 or 200,000 people. Build a great new empire, but do it in Labrador and forget the transmission line, and here on the Island of Newfoundland get your power from other sources. The money you would have spent on the transmission line, spend it here on the Island to develop new sources of power and in Labrador look to private enterprise, private capital to develop a great industry, a great industrial empire based on Labrador power, even including most of the power of the Upper Churchill.

MR. DOODY: Do you believe in a link between the Island and the Mainland.

MR. SMALLWOOD: Yes, of course I do. Of course I do. But not at a cost \$1.25 billions to bring down 1 million horsepower of electricity.

Mr. Speaker, I am so grateful to the House for letting me go a half hour over the normal time. I implore the government - the minister is a strong-willed man, I could be less complimentary and say he is a very self-opinionated man, He is a strong man, he is the Cromwell in Newfoundland politics today, a strong man, and he is the father of the nationalization. I know that. He is the one who got it done.

MR. DOODY: I wish you would not call him Cromwell, My Irish ancestors, you know.

MR. SMALLWOOD: The curse of Cromwell! I did not want to add that. I knew

MR. SMALLWOOD: the rest of the saying, the curse of Cromwell, Well I do not want the hon. minister to be a curse. If he will use - he is a thinker, he is a scholar, he is an industrious worker, I believe he loves this Province, I beseech him to drop these crazy, these crazy ideas that he presently has and go in for something very much bigger, very much bigger and very grander for Newfoundland with a much greater future. If he does that, his name will go down side by side with mine among -

MR. DOODY: What a fate!

MR. SMALLWOOD: - among Newfoundland's patriots, and what greater reward could the minister have than that?

SOME HON. MEMBERS: Hear, hear!

MR. NEARY: I would like to move the adjournment of the debate.

MR. SPEAKER: Order, please! I have not recognized the hon. gentleman. I am turning my eye to the hon. House Leader at the moment.

MR. WELLS: I do move the adjournment of the House until three o'clock tomorrow afternoon.

MR. SPEAKER: It has been moved and seconded that this House do now adjourn until tomorrow at three o'clock.

I N D E X

ANSWERS TO QUESTIONS
TABLED

DECEMBER 16, 1975

I N D E X

ANSWERS TO QUESTIONS
TABLED

DECEMBER 16, 1975

DEC 1 8 1075

I WISH TO TABLE ANSWERS TO QUESTIONS ASKED BY THE MEMBER FOR BELLEVUE ON ORDER PAPER OF NOVEMBER 24th. I HAVE PASSED ON QUESTIONS NOT RELEVANT TO THE DEPARTMENT TO THE APPROPRIATE DEPARTMENT.

QUESTIONS : 478
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478. The probable total cost, current account and capital account, of Education in the current financial year.

ESTIMATED TOTAL COST OF EDUCATION
1975-1976 FISCAL YEAR

	<u>CAPITAL ACCOUNT</u>	<u>TOTAL COST</u>
TOTAL DEPT. 186,591,900	28,559,500	215,151,400
RELATED REVENUE 14,476,000	4,910,000	19,386,000
<u>201,067,900</u>	<u>33,469,500</u>	<u>234,537,400</u>

SOURCE: Government of Newfoundland. "Estimates 1975-76" (As approved by the Fourth Session of the Thirty-Sixth General Assembly, at St. John's, April 22, 1975.

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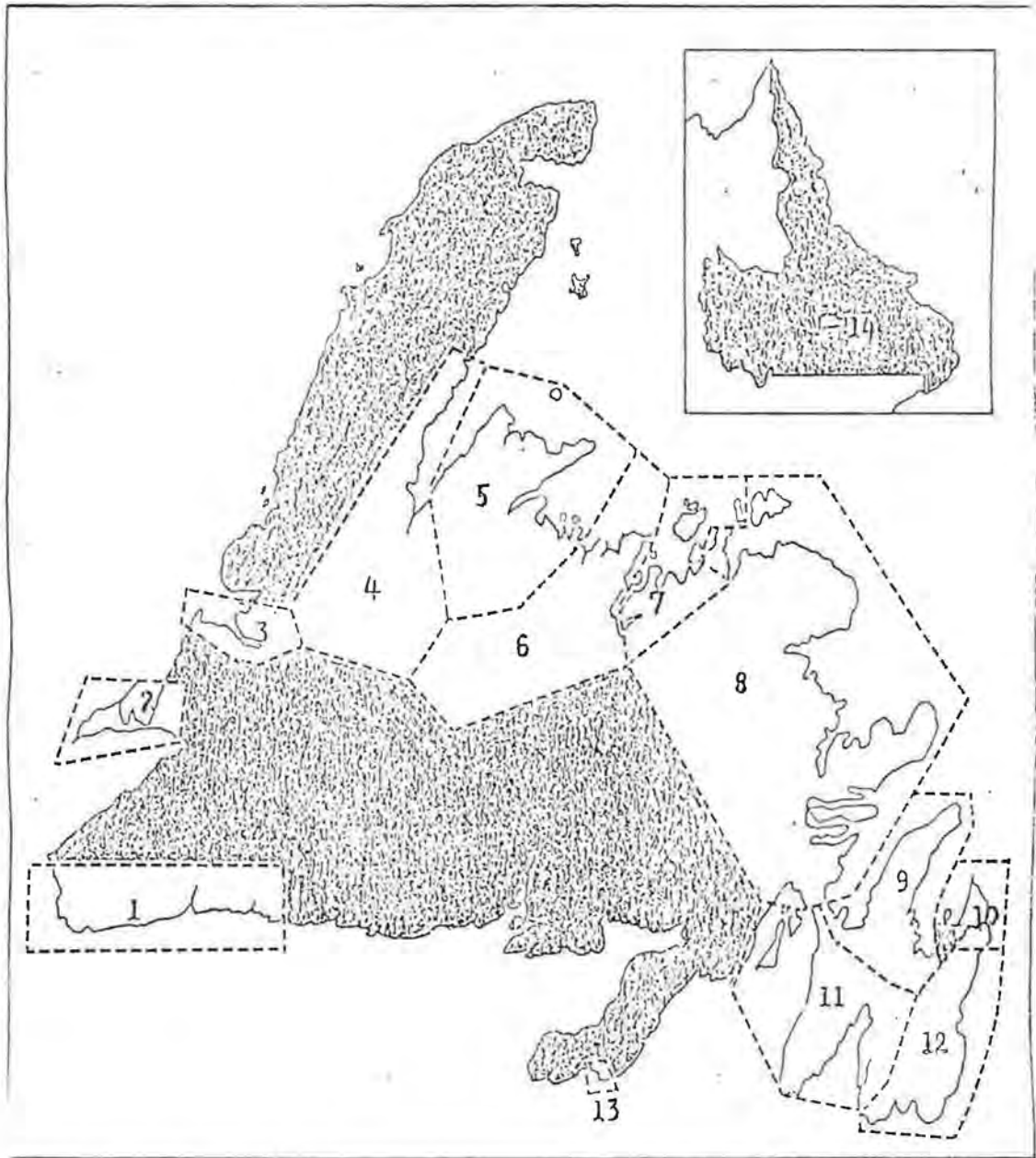
479 & 480. The probable total collection by all School Tax authorities in the current financial year; the actual amount collected in the financial year 1974-1975.

The names, jurisdictions of all School Tax authorities; the total population within the aggregate of the said jurisdictions.

	<u>1974-1975</u>	<u>1975-1976</u>
Port aux Basques	70,520	72,011
Deer Lake	123,050	133,000
Corner Brook	642,000	701,000
Port au Port	271,350	270,700
Green Bay	196,000	237,000
Exploits Valley	488,000	636,000
Notre Dame	180,000	225,000
Regional S.T.A. Dist. #1	712,000	989,642
Trinity-Conception	436,593	868,008
St. John's	-	4,150,000
Placentia-St. Mary's	140,000	170,000
Ferryland	60,000	60,000
St. Lawrence		
Happy Valley-Goose Bay	292,853	348,134
TOTAL	3,612,366	8,860,495

ACTUAL FIGURES ARE NOT AVAILABLE AS AUDITS ARE NOT AVAILABLE FROM THE DEPARTMENT OF THE AUDITOR GENERAL

APPROXIMATE JURISDICTION OF EACH TAX AUTHORITY IS GIVEN ON ENCLOSED MAP.



- 1-Channel Port Aux Barques
- 2-Port au Port
- 3-Corner Brook
- 4-Deer Lake
- 5-Green Bay
- 6-Exploits Valley
- 7-Notre Dame

- 8-Regional School Tax District No. 1
- 9-Trinity-Concepton
- 10-St. Jean's
- 11-Placentin-St. Mary's
- 12-Perryland
- 13-St. Lawrence
- 14-Happy Valley-Boone Bay

<u>AUTHORITY</u>	<u>ADDRESS</u>	<u>TAX RATE(S)</u>
Channel - Port aux Basques	P. O. Box 714 Port aux Basques	Poll - \$20.00 Property - 2.8 mils
Port au Port	P. O. Box 259 Stephenville	Poll - \$30.00 Property - 4 mils
Corner Brook	P. O. Box 267 Corner Brook	Poll - \$60.00 Property - 6.0 mils
Deer Lake	P. O. Box 189 Deer Lake	Poll - \$50.00
Green Bay	P. O. Box 51 Baie Verte	Poll - \$50.00
Exploits Valley	P. O. Box 327 Grand Falls	Poll - \$50.00 Property - 4 mils
Notre Dame	P. O. Box 629 Lewisporte	Poll - \$50.00
Regional S.T.A., District #1	Tucker Building 328 Elizabeth Drive Gander	Poll - \$60.00 Property - 4.8 mils
Trinity - Conception	P. O. Box 50 Bay Roberts	Poll - \$62.00
St. John's	P. O. Box 1874 St. John's	Poll - \$75.00 Business Property - 6% Rental Value (St. John's Area) 3 mils outside St. John's
Placentia-St. Mary's	P. O. Box 209 Dunville, P.B.	Poll - \$42.00
Ferryland	Mobile Ferryland District	Poll - \$30.00
St. Lawrence	P. O. Box 30 St. Lawrence, P. B.	Poll - \$40.00
Happy Valley-Goose Bay	P. O. Box 48 Happy Valley Labrador	Poll - \$50.00 Property - 6 mils

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481. The total of all salaries of all teachers in the financial year 1974-75; and the probable total in the current financial year.

THE TOTAL OF ALL SALARIES OF ALL TEACHERS
1974-1975 and 1975-1976

1974-1975	77,000,000*
1975-1976	97,000,000**

* Revised Estimate

** Estimate

SOURCE: Government of Newfoundland "Estimates 1975-1976"

DEC 16 1975

484. A statement of Government expenditure on school books in each of the financial years 1965-1975.

NET COST TO THE DEPARTMENT OF EDUCATION OF PROVIDING AND DISTRIBUTING TEXTBOOKS, SCHOOL SUPPLIES AND TEACHING AIDS

1965-66	571,269
1966-67	992,995
1967-68	1,092,598
1968-69	1,372,348
1969-70	1,494,248
1970-71	1,267,434
1971-72	2,731,949
1972-73	3,111,729
1973-74	2,942,000*
1974-75	4,520,000*
1975-76	5,409,200**

* Revised Estimate

** Estimate

SOURCES: Government of Newfoundland. "Public Accounts of the Province of Newfoundland", Years ending March; 1966, 1967, 1968, 1969, 1970, 1971, 1972 and 1973.

Government of Newfoundland "Estimates 1974-75"

Government of Newfoundland "Estimates 1975-76"

DEC 1 1975

485. A statement of all Government grants;and all loans to students at Memorial University in each of the finanacial years 1970-1975.

GRANTS TO STUDENTS AT MEMORIAL
FROM DEPARTMENT OF EDUCATION 1970-76

Year	SCHOLARSHIPS	TUITION	SALARIES/SUBSIDIES	TOTAL
1970-71	5,250	2,065,810	654,739	2,720,549
1971-72	6,000	2,557,694	1,063,902	3,621,596
1972-73	6,750		2,979,208	2,985,938
1973-74*	5,300		1,720,000	1,725,300
1974-75*	6,800		2,129,000	2,135,800
1975-76**	6,000		3,750,000	3,756,000

* Revised Estimate

** Estimate

SOURCES: Government of Newfoundland. "Public Accounts" year ended March, 1971, 1972, and 1973.

Government of Newfoundland "Estimates 74-75"

Government of Newfoundland "Estimates 75-76"

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490. The total amount of money advanced as loans to students at Memorial University, and the total number of students receiving the said loans, in each of the financial years 1970-75.

Money advanced in loans to students at Memorial University and the total number of students receiving such loans:

1971-72	6,463	5,663,843
1972-73	6,196	6,848,688
1973-74	4,691	5,752,268
1974-75	4,149	4,611,134

SOURCES: Department of Education -- Student Aid Division

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493. The average number of students in class-rooms in each of the financial years 1960-75.

YEAR	TOTAL ENROLMENT	TOTAL CLASSROOMS	STUDENTS PER CLASSROOM
1961-62	133,747	4,225	31.7
1962-63	137,700	4,446	31.0
1963-64	140,735	4,652	30.3
1964-65	144,129	4,915	29.3
1965-66	146,503	5,175	28.3
1966-67	148,352	5,299	28.0
1967-68	151,976	5,813	26.1
1968-69	156,757	6,211	25.2
1969-70	160,097	6,394	25.0
1970-71	160,915	6,488	24.8
1971-72	162,818	6,607	24.6
1972-73	161,723	6,938	23.3
1973-74	160,352	6,902	23.2
1974-75	158,014	INFORMATION NO LONGER AVAILABLE	

SOURCE: Government of Newfoundland. "Statistical Supplement to the Annual Report of the Department of Education and Youth". School years ending June 1962 - June 1974.

DEC 16 1975

494. If the Government inspects in advance of construction the plans of the new schools, and inspects schools after construction, with a view to ensuring a greater degree of safety from fire.

The Government does inspect in advance the plans of new schools. There is no post-construction inspection.

SOURCE: School Construction Engineer.

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499. The number of school buses, number of students carried, number of miles travelled, total cost of said school-bus service, how much of the said cost was paid by the Government, how many schools were served, in each of the financial years 1965-75.

FINANCIAL YEAR	NUMBER OF SCHOOL BUSES	NUMBER OF PUPILS TRANSPORTED	NUMBER OF MILES TRAVELLED	COST TO GOVERNMENT
1964-65	276	12,420	N.A.	800,482.00
1965-66	326	14,646	N.A.	936,081.00
1966-67	380	17,000	N.A.	1,164,607.00
1967-68	505	28,013	N.A.	1,653,980.00
1968-69	555	33,520	N.A.	2,472,231.00
1969-70	671	46,252	2,216,160	3,122,062.00
1970-71	681	52,476	3,209,290	4,380,458.00
1971-72	839	63,792	4,075,500	5,885,262.00
1972-73	850	66,644	4,118,250	6,430,869.00
1973-74	860	68,200	4,164,740	7,148,408.00
1974-75	870	73,136	4,200,000	8,170,046.00

SOURCE: Supervisor of Pupil Transportation

DEC 16 1975

500. In what total amount were grants given to youth organizations in each of the financial years 1965-75 and how many young people were members of the said organizations?

GOVERNMENT GRANTS TO YOUTH ORGANIZATIONS

DEPARTMENT RESPONSIBLE	YEAR	GRANTS
Provincial Affairs	1964-65	\$ 30,517
	1965-66	33,500
	1966-67	46,563
	1967-68	52,133
	1968-69	48,672
	1969-70	52,566
Education	1970-71	103,888
	1971-72	80,937
	1972-73	98,137
Recreation & Rehabilitation	1973-74*	120,000
	1974-75*	120,000
	1975-76**	120,000

* Revised Estimate

** Estimate

SOURCES: Government of Newfoundland. "Public Accounts"
Years ending March; 1965 to 1973

Government of Newfoundland. "Estimates 1974-75"

Government of Newfoundland. "Estimates 1975-76"

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Total Education Expenditure on Capital Account
as a Percentage of Total Government Expenditure on Capital
Account since Confederation.

503

<u>Year</u>	(1) Education Expenditure	(2) Gov. Exp.	1/2 (100)
1949-50	447,887	5,632,373	8.0
1950-51	323,883	9,856,141	3.3
1951-52	564,515	15,967,098	3.5
1952-53	687,294	13,065,944	5.3
1953-54	658,579	10,940,560	6.0
1954-55	1,209,502	19,056,331	6.3
1955-56	876,167	16,408,799	5.3
1956-57	1,810,689	15,177,435	11.9
1957-58	1,728,174	15,192,798	11.4
1958-59	2,637,008	21,241,364	12.4
1959-60	1,978,945	22,126,950	8.9
1960-61	2,643,780	21,836,137	12.1
1961-62	2,144,933	19,813,753	10.8
1962-63	3,571,187	39,842,423	9.0
1963-64	5,524,953	42,676,427	12.9
1964-65	2,354,200	54,622,900	4.3
1965-66	2,633,700	59,563,800	4.4
1966-67	6,808,600	96,251,300	7.1
1967-68	22,370,131	122,400,219	18.3
1968-69	7,514,800	81,978,511	9.2
1969-70	6,512,799	76,268,116	8.5
1970-71	11,594,385	115,281,357	10.1
1971-72	19,635,141	162,065,148	12.1
1972-73	16,433,337	188,622,109	8.7
1973-74	26,382,528	185,373,783	14.2
1974-75*	38,602,300*	197,867,900*	19.5
1975-76*	33,469,500*	244,324,200*	13.7

* Figures for these years are estimated

Sources Gov. of Nfld. Public Accounts
 1950, 1951 1974
 Gov. of Nfld. Estimates 1974 - 1975
 Gov. of Nfld. Estimates 1975 - 1976

Total Educational Expenditure on Current Account
as a Percentage of Total Government Expenditure on Current Account.

<u>Year</u>	(1) <u>Total Gross Ed. Exp. Current Account</u>	(2) <u>Total Gross Gov. Exp. Current Account</u>	8 (1)/2 (100)
1949-50	3,974,929	25,793,990	15.4
1950-51	N.A.	N.A.	
1951-52	4,607,065	24,111,115	19.1
1952-53	5,730,455	28,423,112	20.2
1953-54	6,073,906	33,390,046	18.2
1954-55	7,503,414	36,748,147	20.4
1955-56	8,099,939	39,812,435	20.3
1956-57	8,643,405	43,892,416	19.7
1957-58	9,876,909	51,509,542	19.2
1958-59	12,128,853	63,888,010	19.0
1959-60	13,823,754	79,023,740	19.7
1960-61	16,090,247	77,896,633	20.6
1961-62	17,238,310	85,926,710	20.1
1962-63	18,542,761	94,109,264	19.7
1963-64	22,068,168	102,981,758	21.4
1964-65	26,481,333	114,686,998	23.1
1965-66	30,742,648	134,424,885	22.9
1966-67	36,860,900	165,139,200	22.3
1967-68	56,107,582	216,098,758	26.0
1968-69	69,840,134	254,828,335	27.4
1969-70	73,523,119	284,515,835	25.8
1970-71	84,460,063	301,823,345	28.0
1971-72	106,296,577	367,212,451	28.9
1972-73	119,432,210	399,698,219	29.9
1973-74	132,237,692	457,919,314	28.9
1974-75*	158,960,900	554,840,100	28.6
1975-76*	201,067,900	685,072,800	29.3

* Figures for 1974-75 & 1975-76 are estimates.

<u>Sources</u>	<u>Gov. of Nfld.</u>	<u>Public Accounts</u>
	1950, 1951	1974
	<u>Gov. of Nfld.</u>	<u>Estimates 1974-75</u>
	" " "	<u>Estimates 1975-76</u>

DEC 16 1975

506. The total number and percentage of passes in Grade Eleven examinations each financial year 1970-1975.

GRADE ELEVEN PASS-FAIL STATISTICS

1970-1975

YEAR	(1) NUMBER WRITING COMPLETE SET	(2) PASSES	PERCENT PASS 2/1
1970	6,522	4,583	70.3
1971	6,938	4,352	62.7
1972	6,800	4,816	70.8
1973	7,059	4,587	65.0
1974	7,234	5,342	73.8
1975	6,840	4,930	72.0

SOURCE: Government of Newfoundland. "Public Examinations"
1971, 1972, 1973 & 1974.

Division of Public Examinations, Department of Education,
Newfoundland.

DEC 16 1975

508. A table showing the grand total amount of teachers' salaries in each of the financial years since Confederation.

ELEMENTARY AND SECONDARY SCHOOLS
TEACHERS SALARIES SINCE CONFEDERATION

1949-50		2,104,444*
1950-51		2,687,440
1951-52		3,112,429*
1952-53		3,638,844*
1953-54		3,945,025*
1954-55		5,035,852*
1955-56		5,486,132
1956-57		5,918,052
1957-58		6,670,405
1958-59		8,270,324
1959-60	SOURCES: Government of Newfoundland	9,647,870
1960-61	Public Accounts, Years 1951-1974.	10,568,748
1961-62	Government of Newfoundland	11,299,192
1962-63	Estimates 1974-75, 1975-76.	12,509,160
1963-64		14,858,557
1964-65		15,802,154
1965-66		17,345,339
1966-67		19,299,706
1967-68		23,546,844
1968-69		29,352,478
1969-70		33,191,166
1970-71		36,970,167
1971-72		46,426,109
1972-73		56,301,603
1973-74		64,758,564
1974-75**		76,915,000
1975-76**		97,000,000

* Includes Cost of Living Bonus

** Figures for these years are estimates

Grand Total Government Expenditure.
Both current and capital on Education since Confederation.

<u>Year</u>	<u>Current</u>	<u>Capital</u>	<u>Total</u>
1949-50	3,974,929	447,887	4,422,816
1950-51	3,989,134	323,883	4,313,017
1951-52	4,607,065	564,515	5,171,580
1952-53	5,730,455	687,294	6,417,749
1953-54	6,073,906	658,579	6,732,485
1954-55	7,503,414	1,209,502	8,712,916
1955-56	8,099,939	876,167	8,976,106
1956-57	8,643,405	1,810,689	10,454,094
1957-58	9,876,909	1,728,174	11,605,083
1958-59	12,128,853	2,637,008	14,765,861
1959-60	13,823,754	1,978,945	15,802,699
1960-61	16,090,247	2,643,780	18,734,027
1961-62	17,238,310	2,144,933	19,383,243
1962-63	18,542,761	3,571,187	22,113,948
1963-64	22,068,168	5,524,953	27,593,121
1964-65	26,481,333	2,354,200	28,835,533
1965-66	30,742,648	2,633,700	33,376,348
1966-67	36,860,900	6,808,600	43,669,500
1967-68	56,107,582	22,370,131	78,477,713
1968-69	69,840,134	7,514,800	77,354,934
1969-70	73,523,119	6,512,799	80,035,918
1970-71	84,460,063	11,594,385	96,054,448
1971-72	106,296,577	19,635,141	125,931,718
1972-73	119,432,210	16,433,337	135,865,547
1973-74	132,237,692	26,382,528	158,620,220
1974-75*	158,960,900	38,602,300	197,563,200
1975-76*	201,067,900	33,469,500	234,537,400
Grand Total	1,254,402,307	221,118,917	1,475,521,224

* Figures for 1974-75 and 1975-76 are estimates.

Source Gov. of Nfld. Public Account
1949-50, 1950-51, 1973-74

Gov. of Nfld. Estimates 1974-75

Gov. of Nfld. Estimates 1975-76

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514. A table showing, for the latest year available, the numbers of teachers receiving salaries of up to \$10,000.00 a year, \$10,000.00 to \$15,000.00; \$15,000.00 to \$20,000.00; \$20,000.00 to \$25,000.00; \$25,000.00 to \$30,000.00; over \$30,000.00

TEACHER SALARIES FOR ONE YEAR BASED
ON SALARY SCALE IN EFFECT
SEPT. 75 TO MARCH 76.

ANNUAL SALARY	NUMBER OF TEACHERS
LESS THAN \$10,000	1,464
\$10,000 - 15,000	3,892
15,000 - 20,000	1,904 (1)
20,000 - 25,000	300
25,000 - 30,000	
TOTAL	7,560 (2)

NOTE: (1) This distribution is based on basic salaries only. It does not include isolation, specialist and administrative bonuses which are available to many people in the teaching profession. The inclusion of these bonuses would cause a further upward movement of the distribution.

(2) Figures are preliminary: Approximately 170 teachers have been allocated which are not included in this total.

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518. The numbers of Government scholarships and bursaries, separately shown, and the expenditure on each, in each financial year 1965-1975.

	SCHOLARSHIPS AND BURSARIES	\$
1964-65	(1) Queen Victoria Jubilee	1,500
	(2) Electoral	23,900
	(3) Memorial University	5,750
	(4) Responsible Government Centenary	61,500
	(5) Confederation	153,609
		<u>\$446,259</u>
1965-66	(1) Queen Victoria Jubilee	2,500
	(2) Electoral	34,200
	(3) Memorial University	5,250
	(4) Responsible Government Centenary	83,600
	(5) Confederation	364,643
		<u>\$490,193</u>
1966-67	(1) Queen Victoria Jubilee	N.A.
	(2) Electoral	N.A.
	(3) Memorial University	N.A.
	(4) Responsible Govt. Centenary	N.A.
	(5) Confederation	N.A.
1967-68	(1) Queen Victoria Jubilee	2,500
	(2) Electoral	26,100
	(3) Memorial University	5,250
	(4) Responsible Govt. Centenary	61,200
	(5) Confederation	528,736
		<u>\$623,786</u>
1968-69	(1) Queen Victoria Jubilee	2,500
	(2) Electoral	24,000
	(3) Memorial University	6,000
	(4) Responsible Govt. Centenary	40,445
	(5) Confederation	438,883
		<u>\$531,028</u>
1969-70	(1) Queen Victoria Jubilee	2,500
	(2) Electoral	26,600
	(3) Memorial University	6,000
	(4) Responsible Govt. Centenary	63,000
	(5) Handicapped Children	3,884
	(6) Confederation	369,079
		<u>\$471,063</u>

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518. CONT'D

1970-71	(1) Queen Victoria Jubilee	2,500
	(2) Electoral	24,800
	(3) Memorial University	5,250
	(4) Responsible Govt. Centenary	60,000
	(5) Confederation	402,674
	(6) Handicapped Children	8,083
		<u>\$508,557</u>
1971-72	(1) Queen Victoria Jubilee	3,250
	(2) Electoral	46,600
	(3) Memorial University	6,000
	(4) Responsible Govt. Centenary	111,000
	(5) Confederation	372,073
	(6) Handicapped Children	6,325
	(7) New Bursaries	80,675
		<u>\$625,923</u>
1972-73	(1) Queen Victoria Jubilee	2,500
	(2) Electoral	52,900
	(3) Memorial University	6,750
	(4) Responsible Govt. Centenary	120,540
	(5) Confederation	309,026
	(6) Handicapped Children	7,173
	(7) New Bursaries	56,480
		<u>\$555,369</u>
1973-74	(1) Queen Victoria Jubilee	1,750
	(2) Electoral	49,100
	(3) Memorial University	5,000
	(4) Responsible Govt. Centenary	119,700
	(5) Confederation	249,074
	(6) Handicapped Children	8,617
		<u>\$433,241</u>
1974-75*	(1) Queen Victoria Jubilee	2,500
	(2) Electoral	55,800
	(3) Memorial University	6,800
	(4) Responsible Govt. Centenary	128,400
	(5) Confederation	381,300
	(6) Handicapped Children	15,000
	(7) French Language Bursaries	60,000
		<u>\$649,800</u>

518. CONT'D

1975-76*	(1) Queen Victoria Jubilee	2,500
	(2) Electoral	55,200
	(3) Memorial University	6,000
	(4) Responsible Govt. Centenary	130,200
	(5) Confederation	381,300
	(6) Handicapped Children	15,000
	(7) French Language Bursaries	187,000
		<u>\$777,200</u>

* Estimates

- SOURCE: (1) Some of Newfoundland Public Accounts 1965, 1966, 67, 68, 69, 70, 71, 72, 73, to 1974.
- (2) Government of Newfoundland Estimates 1974-75.
- (3) Government of Newfoundland Estimates 1975-76.

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521. What is the distance rule for carrying students on school-buses; are there any exceptions; if so, what?

- a) Except in the case of an area served by a public transportation system which, in the opinion of the Lieutenant-Governor in Council, is adequate for the transportation of pupils to and from schools in that area, ninety-five per cent (95%) of the cost to a School Board of the transportation to and from a school of a pupil who resides more than one mile from that school;
- b) (i) ninety-five per cent (95%) of the cost to a School Board of the transportation to and from a school of a pupil when the mean daily temperature for the winter months falls below zero degrees Fahrenheit whether or not such pupil resides more than one mile from that school,

(ii) an allocation to a School Board under this paragraph shall not cover a period in excess of five months,

(iii) for the purpose of this paragraph "the mean daily temperature" shall be determined from the records of the meteorological office in St. John's;
- c) ninety-five per cent (95%) of the cost to a School Board of the transportation of a pupil to and from a vocational school and whether or not such pupil resides more than one mile from that school;
- d) one hundred per cent (100%) of the cost to a School Board of the transportation to and from a school of a pupil who is certified by a legally qualified medical practitioner as being unable, physically or mentally, to use a public transportation system or the regular transportation facilities provided by the School Board and whether or not such pupil resides more than one mile from that school.

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QUESTION 333. HONOURABLE MR. SMALLWOOD (Twillingate) - To ask the Honourable Minister of Fisheries to lay upon the Table of the House the following information:

Does the Government believe that foreign fishing boats should be allowed to land their fish catches in this Province, and on what condition?

ANSWER:

Yes. On condition that:

- (a) processing be carried out in Newfoundland
- (b) processing be carried out on behalf of the catching country
- (c) the catching country retain ownership of resulting goods.
- (d) processed goods do not enter markets, other than their home country, in competition with Newfoundland fish products

OR under any mutually agreed upon terms with joint ventures.

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QUESTION 348. HONOURABLE MR. SMALLWOOD (Twillingate)- To ask the Honourable Minister of Fisheries to lay upon the Table of the House the following information:

What are the numbers or weight of eels exported, their value, the market to which exported in each of the financial years 1970-75?

ANSWER

This is federal information for which there are no records in provincial files.

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QUESTION 622. CAPT. HINSOR (Fogo) - To ask the Honourable Minister of Fisheries to lay upon the Table of the House the following information:

- (1) What amount of money was paid out for storm damage by the Government under disaster programmes, along the Northeast and Northwest Coasts of the Province for the years 1971, 1972, 1973, 1974, and 1975?
- (2) What, if any proportion of the total amount was paid by the federal government?

ANSWER

1.
There is no breakdown specifying Northeast & Northwest Coasts. Total payments to fishermen on lost and damaged gear in each of the financial years 1971 - 1975 were:

1970-71	Nil
1970-72	Nil
1972-73	\$34,000
1973-74	\$1,201,000
1974-75	\$6,276,000
1975-76	\$1,500,000

2.
The federal Government participated by contributing on the disaster formula as follows:

First \$1.00 per capita	Nil
Next \$2.00 per capita	50%
Next \$2.00 per capita	75%
Over \$5.00 per capita	90%

The federal Government contributed on all programmes except for approximately \$225,000 which was paid 100% by the Province for gear lost in Placentia Bay and Trinity Bay in 1975.

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QUESTION 668. CAPT. WINSOR (Fogo): To ask the Minister of Fisheries to lay upon the Table of the House the following information:

(1) Since January 18, 1972 and as of a current date, has the Government appointed any person to be Director of Market Research and Product Development, Department of Fisheries?

(?) If so,

(a) on what date was he appointed

(b) what is his name, and

(c) what is his annual rate of salary?

ANSWER

(1) Yes

(2) (a) September 1st, 1974

(b) Mr. Leslie Dean

(c) \$17,804

Q. 423

Mr. Smallwood to ask the Minister of Transportation and Communication how many settlements, exclusive of Islands, there now remain in Newfoundland not connected by road with the principal networks of the Island of Newfoundland; the population of the said settlements; the total number of miles that would have to be built to take the settlements out of their isolation.

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ANSWER TO QUESTION #423 ASKED BY THE HONOURABLE MEMBER FOR TWILLIGATE
DIRECTED TO THE HONOURABLE THE MINISTER OF TRANSPORTATION AND
COMMUNICATIONS APPEARING ON ORDER PAPER OF NOVEMBER 24, 1975

	<u>POPULATION</u>	<u>APPROX. MILEAGE</u>
Monkstown	131	13
S.E. Bight	65	16
Petite Forte	102	10
Rencontre East	235	32
McCallum	245	44
Grandois	124	06
N.E. Crouse	43	08
Petites	130	16
LaPoile	200	20
Grand bruit	155	32
Burgeo	2,226	31
Francois	330	60
Grey River	270	46
Harbour Deep	329	40
14	4,585	374

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<u>Notices of Motion</u>	
Mr. Wells gave notice that he would on tomorrow ask leave to introduce Bill No. 15.	1657
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Mr. House replied to a question asked earlier by Mrs. McIsaac concerning superannuation of teachers.	1657
Answers were tabled to questions 478, 479, 480, 481, 484, 485, 490, 493, 494, 499, 500, 503, 506, 508, 513, 514, 518, 521, 338, 348, 622, 668, 692, and 423.	1658
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Instructions to police forces concerning obscene literature. Mr. Roberts, Mr. Hickman.	1673
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