

Mining Co. will have a production of 10 million tons a year. I am sorry we did not know of the 1944 act.¹ I claim that is taking \$1 million revenue away from Newfoundland. Under the 1938 act they were getting 10 cents a ton royalty plus 3% on the gross value of other materials. Now under the 1944 act that is changed, and we get 5% on the net profits. I say we will get nothing. I am not giving the legal interpretation of the act, but I say 15 cents per hp is nothing. Here we have the greatest water-power in the world and the Commission of Government gave it away for 15 cents a horsepower.

Mr. Higgins It is not given away.

Mr. Cashin There is an application in for the right to export power.

Mr. Higgins It would be the subject of an independent act. After the comments made by Major Cashin and by the Finance Committee, maybe it will not.

Mr. Cashin Let us see what it means: assuming they would produce 5 million tons a year and employ 2,500 people. If we are going to get no profits tax — I say that iron ore can produce a profit of half a million a year...

Mr. Smallwood We will never get a cent.

Mr. Cashin Let us assume they produce 5 million tons of ore annually; 60% of that is in Newfoundland and 40% is in Canada. Three million tons would be our share. What does it mean in earning power? There will be no profits tax. They will say they made no profits. We had a job getting it out of Dominion Iron and Steel. Add it on to our present economy and it means \$60 million to \$70 million a year; ten years from now the timber area and the Labrador Mining Co. will be instrumental in creating in Newfoundland a great asset. Do you know that they have to pay 30% on mining machinery coming into Quebec? And in Newfoundland they get it free. We hold a trump card in getting it here instead of in Quebec. I have that from one of the officials of the Labrador Mining Co. The export of power should be given particular attention, and I am glad the Finance Committee has been instrumental in bringing it to the attention of the government, and

that they are considering doing something about it. It was our only way to drive it home, to see they did not give any more away. We had that in mind when Major Flinn was before the Committee. He indicated that in his opinion the water-power was practically under the control of the Labrador Mining Company.

Mr. Bailey The answer he made to us was we should not say anything about it in case the Labrador Mining Co. should hear about it.

Mr. Smallwood I would like to ask Mr. Higgins — in the part of the report read out, possible development, 1,163,000 horsepower at Grand Falls;² they are going to be given the right at 15 cents per hp to develop that. Can they have all of Grand Falls?

Mr. Higgins If the conduct of their operations requires it. The 15 cents is not settled.

Mr. Ashbourne I understand the administration of the Labrador act³ is under the Commissioner of Public Utilities?

Mr. Higgins The water-powers come under Natural Resources but the Geological Survey is under the Department of Public Utilities.

Mr. Ashbourne That was the reason the Commissioner for Natural Resources did not know the terms of the act.

Mr. Higgins To conclude the explanation on the matter of water-power, I would like to point out that the company is given permission to develop power only in the area of Labrador. That is the only interest the Labrador Exploration Co. has. I am of the opinion that if and when negotiations are made to develop, no government of Newfoundland would permit the power to be exported on conditions not advantageous to the country.

Mr. Hollett Why change the 1938 act to the 1944 act, wherein it was changed from 10 cents a ton to 5% of net profits? We were told that they were not mining men at all, but a bunch of fools to consent to 10 cents on iron ore; that it was an unfair tax. Bell Island has been paying 10 cents a ton royalty for a number of years. We were also informed on no less an authority than Mr. Timmins that possibly 10 million tons would be produced; at 10 cents a ton that would mean \$1

¹An Act further to amend the Act No. 41 of 1938 entitled "An Act for the Confirmation of an Agreement Between the Government and Labrador Mining and Exploration Company, Limited," 8 Geo. VI, c47, 1944. Volume II:354.

²Now Churchill Falls.

³Refers to the 1938 act and the 1944 act.