

treasury, which was made to provide additional security for the Newfoundland government on their original guarantee of £2 million given the company at the start of construction in 1923. However, in December 1943, influence was evidently brought to bear to secure an amendment of this legislation. This particular legislation and its object was published in the daily papers at that time but no objections were made by an apathetic public. The legislation was passed by the Commission government releasing this \$2.5 million, and then we find that in August, 1944, Bowaters pay dividends to their parent company in England, and have continued to pay dividends since, and according to their annual report for September 30, 1945, they had paid a total in dividends to the parent company of some \$1,676,250 or around 6% per annum. This dividend could not have been paid without releasing this security. Furthermore, Mr. Chairman, I want to draw the attention of this Convention to the fact that the original legislation which was passed in 1923, and again in 1927, provided for two Newfoundland directors on the board of this company for the purpose of guarding the financial interests of Newfoundland. At the present time there is no Newfoundlander on the directorate. The two directors are the Commissioner for Finance and a Montreal lawyer.

Under the provisions of the Gander deal in 1938, the Corner Brook company was permitted to export some 133,000 cords of wood annually, but it is compelled to export at least 50,000 cords on which they pay the treasury 30 cents per cord. Our report draws attention to the fact that during the present season 50,000 cords are being exported, whilst the sulphite mill at Corner Brook has been closed down for months because of a shortage of wood, and recently we are informed that owing to a "dry season" and because of insufficient wood from the western end of the island, the mill may have to go on short shift, thus depriving our men of much needed work. We show that at least 250 working days have been lost to the workers at Corner Brook, and that the total earning power will be reduced by at least \$100,000. If the mill is forced into curtailing its operations because of shortage of wood, it will mean further reduction in earning power.

Mr. Chairman, I wish the Convention to distinctly understand that I am not one of those who

would be a party to obstructing any progressive policy which had as its object the profitable development of our potential assets. But I say unhesitatingly that the concessions granted the Bowater corporation under the Gander deal are such as would indicate, to me at any rate, that the policy of the Commission government is to eventually pass over a wholly disproportionate control of Newfoundland to a private corporation. I was one of those who supported the original legislation which made this project possible, as was my fellow delegate Mr. Brown, and also you, Mr. Chairman. In viewing this Corner Brook development, it must be ever borne in mind that the treasury of Newfoundland, the assets of the people, is behind this proposition to the extent of some \$8 million and until such time as that contingent liability is redeemed, the people of Newfoundland have a prior right as against those who have, in this instance, sacrificed our security.

We find as the result of our investigations that the Commission government is also open to censure in connection with this policy governing the export of raw pulpwood. It should not be necessary to emphasise that if we are to receive the benefit of our forestry resources, we must conserve them. As the report will show you, the Bowater people were given the right under the Gander deal to export up to 130,000 cords of raw pulpwood annually. I regard this as a reckless sacrifice of our resources and a deliberate depriving of our people of labour and earnings. As has been stated in this report, the sulphite mill at Corner Brook has been idle for several months and even the main plant has been forced to curtail operations because of shortage of wood. In the face of such a situation, which deprives our people of their normal earnings, it is tragic to know that at the same time the government is permitting thousands of cords of pulpwood to be exported out of the country to keep outsiders working, whilst our own men are forced to remain idle. I figure that we have exported out of the country during the present season sufficient raw wood to keep the Bowater sulphite mill in operation for 250 days, which would mean a resultant loss in labour to our own people of around \$100,000.

In addition, I believe it high time that the government should introduce a comprehensive and vigorous programme of reafforestation, with