

Regardless of costs, it had to be used in the next eight or ten years. If that is so,¹ I fail to see how any company is not prepared to pay 10 cents a ton on all iron ore mined in Labrador. I am sure if the government had said, "You must definitely pay 10 cents a ton on the iron ore you take out of Labrador", it would have happened, and the deal would have gone through. The western world needs the iron ore. If they had to pay \$1 they would have paid it to get the iron ore.

The same thing applies all down through the years. You will notice the various companies who came in here — some gave a peppercorn, some 10 cents a horsepower, some nothing. Now this is a similar agreement — it is a little better, we are getting 15 cents a horsepower. I am not satisfied with a one-sided agreement. The government will get very little royalty; any company going to spend \$100 million knows what it is going to do. They know they are going to make money. There are so many ways to diddle the accounts. There is a lot of skulduggery going on, and in nine cases out of ten the people coming in here get the best of the bargain....

Mr. Jackman I would like to have the letter from Mr. W.J. Walsh read.

[The letter was read by the Assistant Secretary²]

Mr. Higgins In reference to one section, about the Commission having no knowledge of the iron ore deposit, in reply to that I quote from a letter³ dated May 25, 1946, from Dr. Snelgrove to Sir John Hope Simpson.

[The quotation was read]

That is their comment. One big thing that has arisen out of that correspondence is that the Commission of Government must have been fully informed of the possibilities in Labrador at that time.... It would appear the government did have full knowledge in 1936, when they made that agreement. The Mining Committee has now evidence of prospecting in the area at that time. A group had made application for concessions in Labrador under the Small Concessions Act, whereby no person could get more than 100 square miles. The amended act had to be passed. Prior to that, we are informed, an agreement had been made by letter with Sir John Hope Simpson, and in 1938 that act was passed. The war inter-

vened, with the result the government agreed to grant the extension to 1953.

The concession from the Quebec government was in 1942; the Quebec act was passed in 1946; and as we have explained, as a result of correspondence and interviews the amended act of 1944 was passed — 10 cents a ton was changed to 5% of the net profits. To the Mining Committee it was obvious that the Quebec government made a better deal than we did; but as the acts are binding it is impossible for all practical purposes to change them except by the consent of the government.

We are extremely doubtful whether any great amount will accrue to the country from royalties. We point out that if the company takes up 100,000 square miles, they pay \$120,000 a year, they have 35% corporation tax, and water-power at 15 cents. The greatest return to Newfoundland would be the employment the company would give. The main reason for going into so much detail is because we believe whatever value this body may have is in publicising the facts of the agreement, and ... we may make recommendations, as you may properly do today, whereby in consideration of the new application that has been made by the company for the export of water-power, it might be conditional upon the power tax being put up to \$1 to equal Quebec, and chiefly that the town be in Newfoundland-Labrador; because with the different methods of earning money, apart from mining, it would be of great benefit to whatever country the town is in. For that reason we feel we have not overstressed it and we feel it is only fitting and proper that it should be brought through us to the attention of the people of the country.

Mr. Hollett I would remind every man here that while we have been criticising strongly the various corporations on account of concessions which they received, we have also been criticising past governments for concessions which they granted. I have noted all the acts carefully, and I have also noted the 1938 and 1944 acts relative to the Labrador Mining and Exploration Company. I have come to the conclusion, and I think every member of the Mining Committee has come to the conclusion, that they must have set

¹End of the section taken from the recording of the proceedings.

²This document could not be located.

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