

well as getting cold cash, one of the greatest advantages is the employment it will provide and the revenues that will come; various expenditures will be made in Newfoundland territory, and the taxes will come to the government....

**Mr. Penney** Will the Labrador Mining and Exploration Company agreement be open for discussion at this time?

**Mr. Higgins** What I propose is to have the Quebec act<sup>1</sup> read and explained, and then compare that act with our act. It is better to reserve comment until we give you full information.

*[The Quebec act was read by the Assistant Secretary]*

**Mr. Higgins** Mr. Secretary, we will stop at that point. I would like you to refer to the sections which we have read. You will be able to follow our comments easier. Get the 1938 act, and the 1944 act, and I will give you the comments, and you can check them yourselves.... You will note from paragraph 1 of the Quebec act the Hollinger North Shore Co. has 3,900 square miles altogether. The Hollinger North Shore is a company similar in personnel to the Labrador Exploration Co. Our concession area is 28,000 square miles. Paragraph 2 provides that they have rights, in that 3,900 miles, from the date of issue until 1952, with a renewal period of two consecutive periods of five years each, making something roughly like 16 years of a free concession area. It is not free, because, as you will note from paragraph 3 of that act, during all that time they must pay, beginning with \$10,000 at the date of issue of the concessions, and \$6,000 each year during the period of the concession. Now this area began in 1936 for 20,000 square miles, and continues up to 1953, and there is no payment of any kind during that time. The only obligation of the company is to do work up to \$50,000 per year during that time. Now both acts provide that the company must pay the cost of survey, boundaries, etc., in other words thoroughly prospecting and surveying the area, and in both acts they have to supply the governments, both ours and the Quebec government, with all information.

In Newfoundland the company and its predecessors have control of 20,000 square miles from 1936 until 1953. They are paying \$50,000 per year, at least they are spending \$50,000 per year for work, but that is the only amount that

they are obligated to spend. Now I say, on the basis of the land they got from Quebec and on the basis of the land they got from Newfoundland, we should have been paid, at the date of the issue of the concession, the sum of \$50,000, because, as you will note, the area is roughly five times as great as the area of the Quebec concession. Ours is 20,000 miles, theirs is 3,900 miles. For each year they had this concession they should have paid us \$50,000. Now they get, after a period, a regular mining license. It is true, and I must point out to you in all fairness, that after 1952 the company will get the area that they require up to 2,000 square miles, and at that time they are obligated to pay 5 cents per acre for 2,000 square miles.... My memory of the act is that they have the privilege of acquiring 2,000 square miles for a ten year licence. At any time within that ten years they have the privilege of picking 1,000 square miles from the 2,000 square miles, and for the 1,000 square miles they pick they are entitled to get a 40 year further additional period of time for 5 cents per acre. In other words if they so wish they could tie up for 50 years 1,000 square miles of Labrador, which I presume would be the best Labrador ore section, for 5 cents per acre, for 50 years. Now they would have to pay for that \$64,000 per year if they took the whole 1,000 square miles. At the end of that time, or at any time during it, they have the right to apply for a mine lease. If they take out a mine lease they have the right for 90 years to export and exploit the mine in Labrador on the concession area. For that 1,000 square miles they pay a royalty, or a rental rather, of 50 cents per acre, so that if they took up the full area of the concession, they would have paid \$320,000 per year in the way of rental.

If they operate it and, under the act, have to pay a royalty to the government, they could deduct the amount of royalty that they would have to pay from that \$320,000, if the royalty was not greater than the rental. In other words, if the royalty did not amount to \$320,000 they could deduct whatever amount they had to pay from the \$320,000. If the royalty amounted to \$320,000 or more no rental had to be paid by them. Is that clear?

**Mr. Smallwood** That's to encourage them to operate.

**Mr. Higgins** I don't know — that's the act. Now

<sup>1</sup>An Act to Promote Mining and Industrial Development Within New Quebec, 10 Geo. VI c42, 1946.