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PREMIER DANNY WILLIAMS
ST. JOHN'S BOARD OF TRADE
WEDNESDAY, SEPTEMBER 8, 2010
PLEASE CHECK AGAINST DELIVERY

Head table guests and ladies and gentlemen. Good afternoon and thank you for inviting me once again to kick off the busy fall season with members and friends of the St. John's Board of Trade.

Before we begin, I would like for us all to take a moment to acknowledge a very somber time today on the province's west coast. This morning, Corporal Brian Pinksen was laid to rest in Corner Brook.

A Newfoundlander and Labradorian, who put service before self and who made the ultimate sacrifice, Corporal Pinksen will be sadly missed and I would like for us to take just a moment of silence to honour this true hero.

SLIENCE

Well, 2010 has been quite the year. When I consider the bravery that is demonstrated each and every day by our armed forces, I feel quite humbled that all I had to deal with was a little heart surgery. Luckily, I had heart felt and genuine expressions of support from people right across the country.

Of course, the year was also marked by the hangover from the turmoil of the global economic recession. But as the world continues to struggle to emerge from that financial crisis, we in this province continue to buck the trend and are faring **incredibly** well in the face of economic uncertainty.

In its corporate strategic plan for 2010 to 2013 in June of this year the City of St. John's described the city's economy as "**sizzling**" quoting the Conference Board of Canada who graded it "A" when bench marked against Canada's most prominent cities.

In 2009 during the worst of the recession, labour income and retail sales increased, and housing starts remained incredibly high. Capital spending was extremely strong and we recorded the greatest population increase we have seen since 1983. Young people are coming home or staying home. For nine consecutive quarters we have reversed outmigration.

This year, private forecasters are projecting a 3.9 per cent growth in GDP ranking us first among provinces.

Is it any wonder that recently Mark Carney, the Governor of the Bank of Canada came to this province and stated that Newfoundland and Labrador was an **economic model for the rest of this country**? That is one powerful statement from a very powerful individual.

And all summer work has been going full-steam ahead across the Northeast Avalon and throughout the province as we continue to stimulate the economy, provide jobs and more importantly improve this province's infrastructure to position us for future growth and prosperity.

While the world is on tenterhooks, desperately hoping the global recession won't return for a second dip, here in this province **the economy** continues to be robust, **the fundamentals** continue to be strong, and **our optimism** unwavering.

When I think back to seven years ago, our party was about to embark on an election campaign that we hoped would result in the transformation of this province.

And given the financial obstacles that we faced, **who** would have dreamed then that we'd be among the country's leaders in performance and optimism today?

Well, **I** did and **so did** the government members and ministers and public officials who carried out our blueprint. But most importantly, **you** believed in our province and that was the wind in our sails.

Our remarkable transformation **from** languisher to leader – **from** “have-not” to “have” in this country — is the product of our deliberate approach and our indomitable attitude.

There are many who begrudge us but the heck with them - we have busted our guts down here for years and been laughed at. But suck it up naysayers because Newfoundland and Labrador has come of age and we deserve it. **This is no Newfie joke.**

Our actions and our attitudes are firmly grounded in the newfound pride, strength and determination that have revolutionized Newfoundland and Labrador.

With determination, we fought hard for fairer revenues from the Federal Government under the Atlantic Accord. We fought hard when negotiating for equity stakes, royalty shares and benefits from our offshore oil projects.

We expropriated our power, timber and land from a company that didn't care about the employees or the province that earned it hundreds of millions of dollars.

And the result of our approach is that our new corporate partners have a newfound respect for Newfoundland and Labrador as a jurisdiction that is ready to play in the big leagues with confidence, courage, maturity and integrity.

Today, our offshore sector is stronger than ever, and Newfoundland and Labrador is sharing fully and fairly in the rewards of that success. With the revenues we have gained from our resources we have invested strategically in initiatives to secure our foundations and promote sustainable growth, region by region throughout Newfoundland and Labrador.

Our approach has been a balanced and strategic one, embracing fiscal discipline and spending more effectively, while at the same time freeing up dollars to invest in social sectors and economic stimulation.

Our unprecedented spending on infrastructure from roads and highways, wharves and bridges, terminals and ferries, to schools and hospitals – are all the things that generate economic activity and also send a clear signal to entrepreneurs that they can invest in our communities with the confidence that this government is going to be in there with them for the long haul.

We increased infrastructure spending to 800 million dollars in the 2009-10 fiscal year and by year's end we had let tenders for 1.3 billion dollars worth of projects.

In this year's budget, we announced an investment of approximately 1 billion dollars in infrastructure projects to generate some 7,740 person years of employment, benefiting all regions of the province – a new record for infrastructure spending.

I doubt there are many business people in this province who can complain that this government has not done its part to kick start our burgeoning economy.

By taking the responsible approach to stimulus spending, we've actually been able to reduce tax levels for families and businesses to among the lowest levels in the Atlantic region.

More importantly, we have not left our workers behind and we gave country-leading wage packages to our public service employees while North America was battenning down the hatches.

As we work for self-reliance, we also continue to create the tools that allow individuals and families to achieve personal self-reliance, escaping the constraints of poverty so they can pursue their fullest potential. That is why since 2006 we have invested 482.7 million dollars into Poverty Reduction Strategy initiatives.

Complementing our approach to poverty reduction is our approach to education, which is grounded on another of our fundamental principles of good governance – the principle that in order to achieve lasting self-reliance as a province, we must give our young people the skills, tools, insights and opportunities they need to fulfill their greatest potential as individuals.

I believe our fortunes will rise or fall on the investments we make in the quality and accessibility of our education system, and that is why we have raised public education funding beginning in 2007 – for the first time since Confederation – to more than one billion dollars a year.

At the K-12 level, we have capped class sizes, enhanced the curriculum and invested in critical infrastructure and technology.

At the post-secondary level, we have led the country in improvements to student aid and accessibility, making it possible for our young people, and others we've attracted here from away, to get a first-class education in this province and develop the skills and perspective they need in order to drive the growth that our communities and industries need.

The Governor General quoted one student while we were visiting MUN last month who said, "Please stop calling us the leaders of tomorrow. We are the leaders of today." Well, I couldn't agree more! Our youth need to chart our course for future and permanent prosperity. But we must empower them.

And one of the things I am most proud of has been our investments in our tourism sector and in the arts. Our tourism ads are generating buzz around the world and have put us on the map as a preferred destination. The numbers prove it.

And our investment into our arts and cultural community has helped to ensure that we do not lose our sense of self. I believe it is critically important to invest in these areas so that Newfoundland and Labrador continues to thrive as Canada's cultural capital, a name bestowed on us by the Juno organizers.

From Rick and Seamus and Rex and Gordon - we have some of the most recognized and talented entertainers in the country. Our writers, our musicians, our artists - they embody who we are as a people and they promote this place like no business ever can.

That's why I was so pleased this year when the Business Hall of Fame inducted Great Big Sea into their annals. Finally, recognition that the arts are a real, meaningful contributor to our economy. A beacon of hope that shines over everyone of our artists.

And now we have a whole new generation of movers and shakers, and our very own national heart throb in Allan Hawco. Let me say publicly today congratulations to everyone at the Republic of Doyle for your outstanding Gemini nominations! Our capital city never looked so good!

Folks after 61 long years, I think that we can all agree that Newfoundland and Labrador has come of age in this federation called Canada.

It is quite extraordinary to think that the oil and mineral projects currently under development or production in this province will have contributed in excess of 225 billion dollars to Canada upon their conclusion – and I am talking about net revenues after expenses.

Make no mistake about it - we pay our way.

That's nearly a **quarter of a trillion** dollars that doesn't even count the bounty of untapped resources still awaiting discovery.

That's a **quarter of a trillion** reasons to have optimism and confidence in Newfoundland and Labrador, because the foundation on which we are building is secure, with returns that are rock-solid.

When I describe Newfoundland and Labrador as an energy warehouse to business and political leaders across the country and the continent and around the world, they are listening. People are finally taking notice of this beautiful frontier on the edge of the earth which is so rich in its people, its culture and its resources.

And of course in this time of need of clean, green energy the most talked about prospect in our province is the more than 18,000 megawatts of developed and ready-to-be-developed renewable power.

That includes 3,000 megawatts of undeveloped hydropower on the Lower Churchill – the best undeveloped large-scale green-energy project in North America.

Canada's climate change targets for 2020 would be a lot easier to reach with this power on the market.

For Canada, **getting this power to market** would be an enormous benefit.

For our government, **getting this power to market** is a major priority.

Now the Liberal opposition and some media keep complaining that we have no plan, it is taking too long, it is all talk and no action. The same crowd who were going to give it away the second time in 2003.

But from our government's perspective I have always had one goal when planning for the development of the Lower Churchill. And that is to be as thoughtful, thorough, strategic and as well prepared as possible with the best advice money can buy.

We have explored every option; we have taken all of the right steps; and we are going about this in the most detailed and appropriate manner and when it comes to Hydro Quebec. We are taking no prisoners.

As Ghandi once said, "Speed is irrelevant if you are moving in the right direction." And after years of planning, we are now closer than ever to seeing this great project get off the ground.

Four years ago, we demonstrated due diligence by registering our application for transmission of Lower Churchill power across the electricity grid in Quebec, as this was one of two routes to get the power to market.

Then, more recently we, along with Nova Scotia, submitted an application before the Government of Canada for P3 funding for a transmission line across the Cabot Straight to Nova Scotia as part of our second option known commonly as the Maritime route.

Open access laws in many jurisdictions provide for the wheeling of power across one jurisdiction to markets beyond – and fortunately our neighbours in the Maritimes respect these principles and are willing to work with us to get Churchill power to and through their jurisdictions to market.

Quebec, on the other hand, is not only doing everything in its power to prevent the transmission of Lower Churchill power across its own jurisdiction, but we found out that they are also trying to block our bid to transmit power to and through the Maritimes, as was witnessed in New Brunswick but failed.

After we submitted our application for P3 funding for the Cabot Strait cable, it came to our attention that the Quebec government under Premier Charest's signature had written to the Prime Minister, objecting to our application on the grounds that it would constitute an unfair subsidy, placing Hydro-Québec at a competitive disadvantage.

This from a province who's public utility is essentially subsidized to the tune of billions of dollars annually by the Upper Churchill where they sell our power for some **36** times what they pay for it.

Their revenue on Upper Churchill power in 2008 alone was 2.3 billion dollars compared to approximately 50 million dollars for our province.

Ironically, despite reaping this massive windfall at our expense, Quebec has seen its take under the equalization program grow significantly in recent years – from 44 per cent of the total pot in 2005-06 to 48 per cent in 2006-07 to 55 per cent in 2007-08 to some **60** per cent of the **total** pot for **all** provinces in 2010-11.

Quebec pours its money into huge tax subsidies for its companies, the best childcare programs in the country and massive electricity subsidies for its people valued at 7 billion dollars.

Because of its electricity subsidies, it records less provincial revenue on its books, enabling it to qualify for additional federal aid.

Canadians are, in effect, paying Quebec to subsidize electricity exclusively for its own. And they have the skin on them to impede our progress after gouging us the first time.

And this is only the tip of the iceberg of the special deals Quebec's citizens and enterprises receive from the government and people of Canada, including multi billion dollar subsidies to the aerospace industry. The latest suggestion is for a half billion dollar hockey rink in Quebec City out of public funds.

And Quebec then has the gall to challenge federal support to bring green energy from the Lower Churchill to market through the Maritimes on the grounds that it is unfair for some provinces to get what others do not!

What unabashed hypocrisy!

Even the Quebec news media have taken their government to task for going too far.

In an editorial published on August 18, the Montreal Gazette wrote: "Much as we like Hydro-Quebec's fat profits, we agree. There's something dismal and mean-spirited about a Liberal government of Quebec playing federalism as a zero-sum game, where what Quebec gains others must lose. As Dexter's words imply, such stunts fuel a dangerous "*let them go*" spirit already too common in the rest of Canada. We don't object to Quebec enforcing the letter of Smallwood's mistake. But for Quebec to try furtively to scuttle an alternative project proposed in good faith by other provinces is **unseemly, unwise**, and even **shameful**."

The Halifax Chronicle-Herald shares this conclusion about Quebec's behaviour. In its editorial on August 15, they wrote: "...Mr. Charest is over-reaching in asking Ottawa to treat other provinces in a way he would never accept himself....Nor is it Quebec's business to dictate the infrastructure priorities of other provinces. It has never been shy about seeking federal funds for its priorities and if it wants help with transmission, it's free to ask."

Well said.

Canadians both inside and outside Quebec are objecting to its obstructionist approach to our application to help bring this green-energy project from the drawing board to market.

The rest of the country and even Quebec itself is finally admitting that it has been getting away with highway robbery in Canada for decades.

As I stated to the Canadian Club in Ottawa in June the ruling of the Régie once again demonstrated that province's **bias**, **arrogance** and **discriminatory** business practices towards our province. Apparently, their stranglehold over us on the Upper Churchill was not enough for them.

For one province to try to thwart another's attempt to develop and export its own natural resources in order to protect its own market dominance is **abhorrent** and, in a federation of equals, absolutely **intolerable** or in the words of the Montreal Gazette "**shameful**".

Quebec's behaviour with respect to the Cabot Strait cable application is further proof of their anti-Canadian attitude. If it is **not good** for Quebec, it is good for **no one**.

The irony is that Québec promotes itself as the voice of advocacy on free trade, in particular with the European Union and internal free trade domestically.

The Régie decision and the political actions of that province demonstrate that Québec believes in free trade **only** when it benefits Québec. I thought it was only the separatist Bloc Québécois that believed in elevating Quebec by undermining the workings of the federation. **Not.**

Further, Québec promotes itself on the international stage as a leader in clean, green energy solutions yet they are doing absolutely everything in their power to ensure that the **best** green project in North America is shelved to protect their own market dominance.

Québec's self interest is harming the **provinces**, the **nation** and **our country's international reputation.**

If the federalist government of Quebec is **serious** about free trade, **serious** about promoting the use of green energy and **serious** about cooperating in this federation for the greater benefit of all of its members, then it needs to get out of the way of the progress of its neighbours. And walk the walk.

Let the course of transmission be determined by the economic merits of the respective routes.

I am particularly pleased to see that we also have the support of organizations like the St. John's Board of Trade as it relates to development of a national East-West Power grid plan.

I want to thank you for undertaking to put forward your resolution at the upcoming AGM of the Canadian Chamber of Commerce that calls upon the federal government to develop policies for electricity infrastructure, to remove barriers to trade and transmission, and to generally facilitate progress in this area of important policy.

I understand your AGM this year is in Quebec, so I do wish you great success and if I might be so bold I would suggest that you keep your head up!

And I am sure the Board of Trade is so passionate about this issue because you recognize that the returns from the Lower Churchill will further contribute to the economic and social transformation already underway in our province.

Ahead of the power production phase will come the massive construction phase.

Together work on the hydro facilities and the transmission line will give this province at least 6.5 million person-hours in engineering and project management employment and at least 21.5 million person-hours of construction employment.

That is phenomenal amount of work for Newfoundland and Labrador, especially when you consider the other large projects onstream such as Hebron and Long Harbour.

The strategy also ensures we will benefit from substantial employment from the construction of a Labrador-Island Transmission Link. This link could prove to be a critically important potential component of the project, due to our current reliance on increasingly expensive oil at the Holyrood generating station.

The Lower Churchill will help to mitigate future sky rocketing power rates.

Besides employment opportunities related to Lower Churchill development, there will be extraordinary business opportunities.

The local service and supply community will have full and fair opportunity to participate when it comes to supplying goods and services for the Lower Churchill Project.

There simply is no down side to this incredible green development. For our government, it's been a top priority right from the start and we will continue to push ahead with this extraordinary great Canadian project.

So, thank you once again for the opportunity to share a few of my thoughts with you today and particularly to update you on this important next big project for our province.

Ladies and gentlemen, Newfoundland and Labrador is not just sizzling, it is on fire and we are the envy of the country. We all need to work together as we ensure we never lose our momentum and our hard earned place of respect in Canada.

Let us keep driving ourselves to move forward, **always** progressing, **always** inspiring our young people by showing them their power to build on the work that we have been doing and on the successes that we have been achieving.

Never standing still, **never** going backwards and **never** giving ground to anyone. Let us lead Newfoundland and Labrador ever forward and upward to the lofty heights of its unbounded potential.

In this, a record winning year for Canadian Olympians, I think the motto of the Olympic movement says it best, “Citius, Altius, Fortius” – “Faster, Higher, Stronger”. Look out world. Newfoundland and Labrador is going for gold. Thank you.