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Need these formatted and readied for a link asap in a media advisory that will provide the notes to all media.

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Sent: Wednesday, October 03, 2012 12:38 PM

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DRAFT 005

Speaking Notes
Premier Kathy Dunderdale
St. John's Board of Trade
October 3, 2012

Fostering Growth

It is wonderful to be among so many of the women and men who are driving opportunities in the Newfoundland and Labrador economy. Never in our province's history have the opportunities been so enormous, and never have we been doing more to seize them. As a government intent on maximizing opportunities throughout Newfoundland and Labrador, we have been focused intently on working hand-in-hand with our business community to create the conditions that will enable you to grab hold of the opportunities before you.

Economic growth is rooted in business success. Our growth as a province is wholly contingent on your growth as an enterprise. When you face hurdles, we all suffer. When you make money, we all prosper. That is the reason we have been working so hard as a government to make Newfoundland and Labrador a more business-friendly environment. It is the reason we have made deliberate decisions to reduce the burden of regulations and taxes that stand in the way of business growth. It is the reason we are investing in programs that foster research and development, and facilitate business expansion and modernization. It is the reason we have created the new department of Advanced Education and Skills and invested so strongly in post-secondary education and apprenticeship.

We know how critical it is to grow our labour force to give you the people you need to get the job done, competitively, on time and on budget. We have been listening to ensure we truly understand the challenges you face and the things we, as a government, can do more effectively to help you meet those challenges, grow your profits, create new jobs and enable all of us to reap the rewards of growing prosperity.

Our roles are distinct but intrinsically linked. We nurture a climate conducive to growth. You create the wealth. That is the essence of a healthy and productive relationship between government and the private sector. We understand what it means for Newfoundland and Labrador to be open for business. Our relationship must be based on mutual respect and sound principles, consistently applied.

The rules must be clear and fair. We, as a government, are certainly firm, but we are also fair with our investment partners.

We adhere to established contracts and respectful business practices. We support a stable tax environment in which businesses can develop and thrive

over the long term. We are determined to give you room to grow and to provide the additional supports some may need to seize opportunities at the next level, both at home and abroad. Most importantly, we are continuing to listen, and if there are things we can do differently and more effectively, you will have our ear.

Striking While the Iron is Hot

This province's economy is thriving like never before, and remains one of the most robust in the country. The Canadian Federation of Independent Business has just reported that small business owners in Newfoundland and Labrador are now the most optimistic in Canada. We have seen a rise in housing starts, employment, retail sales, weekly wages, investment growth and a host of other economic indicators.

In fact, Newfoundland and Labrador's economy continues to lead the country in increases of average weekly income and investment growth. Capital investment is on track to rise by another 30 per cent this year to \$9.6 billion – a level unprecedented in our province's history. According to the Atlantic Provinces Economic Council, Newfoundland and Labrador accounts for over half of the investment projects identified for Atlantic Canada.

In so many other sectors of our economy, our story is one of strength, born from a vision of what could be and the willingness to work hard for the maximum benefit from our resources. It is also a story of moving from the position of strength gained as we developed our non-renewable resources for our benefit, to a greater, lasting strength based upon a prosperous, infinite renewable-resource-based economy. We are on a new trajectory, economic leaders in this country, setting the pace.

Not only here in St. John's, but from western Labrador to northern Labrador and across the island, opportunities are expanding, new buildings are rising, businesses are investing and wealth is growing.

Locally, we have Hebron and Long Harbour ramping up. Investors are also coming from around the world, hungry for steel with their eyes set on the iron ore in Labrador. They are eager to engage our resource-rich province in partnerships that will meet their needs while pouring billions of new dollars into an economy that is already one of Canada's strongest, thanks to our successes in offshore oil. Our iron is in hot demand, and even a small slice of the demand can fuel our economy for years to come.

Newfoundland and Labrador is already one of Canada's leading producers of iron ore. New activity in this sector includes major expansions of existing operations by the IOC; development of new or renewed operations by Labrador Iron Mines, Tata Steel Minerals Canada, and Wabush Mines; and advanced exploration projects such as Alderon's iron deposit.

In one sector after another, entrepreneurs hungry for success are finding the best opportunities for growth are right here in our own back yard. This province, in the last five years, has experienced nothing less than a sea change—a fundamental shift in our place in the federation. Our success is not a flash in the pan. It is the new reality, and we have only just begun to tap the opportunities.

We are determined never to return to the era when there was little to live on but vague hopes of some distant “someday” decades down the road. This is the new Newfoundland and Labrador, and we are determined to strike while the iron is hot so the growth continues!

Not Accidental But Deliberate

Successes do not just happen. They are engineered. Throughout this room today, I see people who have learned the discipline required to make successes happen.

Success is all about recognizing an opportunity and then setting things in motion to turn that opportunity to your advantage. You build your team, you do your homework, you make connections, you run the numbers, you do everything you need to do to move forward with the advantages of knowledge and strength, and when you are confident the opportunity is worth seizing, you make your move.

That is the responsible approach, not only for businesses, but also for governments. We engage the best people. We perform the due diligence required to get the facts we need. When the options are clear, we move forward boldly to make the choice that is in our best interests.

It takes tenacity to hold out for the best choice. We have often been pressured to take a route less bold than the one we chose:

- We had to fight to achieve a fair deal on the Atlantic Accord.
- We had to fight to achieve equity stakes in offshore projects.
- We had to fight to achieve better terms for the Voisey’s Bay development.

A successful business leader does not have to be told why it is vital to hang tough to secure an opportunity under the most favourable of terms. That has consistently been our approach as a government, and Newfoundland and Labrador is stronger and more prosperous today because of the course we have taken.

Muskrat Falls Decision

It is vital that we keep this in view as we face another critical decision point—and, of course, I am talking about the Muskrat Falls development. It was approximately two years ago (on November 18, 2010) that our province's energy corporation, Nalcor, and Emera of Nova Scotia announced an agreement to pursue the development of Muskrat Falls hydro-power.

In the time since then, the most knowledgeable people in the energy sector have been engaged in working out the fine details of this significant project, and the result of that fine-tuning will soon be made public and debated in the House of Assembly. Last year, the Government of Canada announced its willingness to support such a project given its national importance both economically and environmentally.

During my recent meeting with the Prime Minister, he reiterated his commitment to the project and the Loan Guarantee. Politicians and officials at both levels are working on the details, which I expect to be made public in the coming weeks.

Simultaneously, we have engaged the team of independent professionals at Manitoba Hydro International to undertake an analysis of the project and determine if it remains the least cost option.

We continue to share information with the people of the province and the opposition parties. As well, there will be additional reports that explore alternatives such as wind and natural gas.

Already, we have released thousands of pages of information, including the analysis of independent professionals with unassailable expertise in the energy industry. Never before, in the history of our province has a project undergone such scrutiny. Never before has so much detailed information been provided.

Scrutiny is a good thing. It is the right thing. This project will stand on its merits or not at all. We will continue to make information readily accessible so that the people of Newfoundland and Labrador will have the opportunity to engage in the discussion.

The House of Assembly will debate this project under the same rules as the Voisey's Bay project was debated a decade ago. The significant difference is that, in this case, we have hired international experts to ask the critical questions of our own well-accomplished professionals at Nalcor. All the questions which need answering will be addressed through the work of independent and world-renowned experts, such as those at Manitoba Hydro International. Another difference from a decade ago with the Voisey's Bay project is that we will be providing the analysis of those experts well in advance of the debate.

The people of this province have elected the Members of the House of Assembly to act in their best interest. It is the responsibility of every member of the House to understand the project and to represent the constituents who elected them.

The debate in the House of Assembly must be consistent with the foundational principles of democracy. Every voice will be heard. Our commitment to the people of our province is that the decision we make at the end of the day will be the one that is truly in their best interests.

I would like to put this project in context by describing what is at stake.

Ours is a New Energy Economy

Energy is not just another commodity in Newfoundland and Labrador. It has become a defining commodity, no less important to our history and our future than fish.

Energy has given us among our most bitter disappointments on the Upper Churchill and among our greatest triumphs, as we secured a stronger Atlantic Accord and broke free of equalization. With wind, oil, gas, and of course hydro, we are one of North America's true energy superpowers—a vast warehouse of untapped opportunity. The energy choices we make today will determine the economic opportunities we enjoy tomorrow. Recognizing this, our government in 2007 produced Newfoundland and Labrador's first-ever comprehensive energy plan to chart a responsible course forward to prosperity.

Clearing the Roadblock to Growth

Developing the potential of the Lower Churchill has always been a key element of that strategy, but we were initially planning to develop Gull Island and send power to both the Island and, through Quebec, to the North American market place. After all, Quebec is a market participant in the United States and in this capacity is required to make its grid available to its neighbors to wheel power to market on reasonable terms. But that has not stopped Quebec from finding ways to block and interfere with our access to their grid.

Indeed, as we witnessed between 2006 and 2010, Quebec's actions, through its regulatory process, forced us to reconsider Gull Island for the initial stage of the Lower Churchill development. Therefore we turned to the other scenarios that had been under development and chose to pursue the Muskrat Falls project, based on the primary market being Island customers combined with a strategic export customer, Emera of Nova Scotia.

The cost structure of Muskrat Falls is better than any other option for addressing the power needs of our provincial market, and still offers the potential for export

of surplus power. Indeed, just yesterday, Dr. Wade Locke noted that Muskrat Falls is the lowest cost option for supplying power to the people of the province. Furthermore, Dr. Locke reconfirmed what we have heard from financial experts—that this kind of capital investment pays for itself.

How much clearer it is today why securing an agreement with Nova Scotia's Emera is absolutely a game-changer. Not only does it give us a buyer for a portion of our surplus power but it opens up a whole new route to the export marketplace. The arrangements in the deal with Emera allow us to access the Maritime and US markets with a partner that knows the value of collaboration rather than seeking to extract and manipulate the value of our resources to their benefit. This partnership also proves that the legacy of the Upper Churchill contract does not need to be a noose around our necks. When we apply creative thinking with good business practices we can avoid the yoke of geography that Quebec has tried to place around us.

Quebec was trying to make us choose between a deal with them or no deal at all. They thought we would have to slam on the brakes of our own economic development. Instead we have charted a bold new course that establishes a template for the future. We are not burdened by the mistakes of the Upper Churchill contract. The choices we have made with the Muskrat Falls development demonstrate that we control the agenda, now and in the future. It is this kind of focus and determination we will use in regard to Upper Churchill

This is the essence of the choice before us today: slam on the brakes and wait to see what happens in three decades, placing our future in the hands of Quebec. Or break free of the logjam now and move forward to seize the opportunities available today. Make no mistake about it: the opportunities we are intent on seizing are right on our doorstep, not 30 years from now, but right now.

It is about being environmentally responsible, replacing electricity generated by burning oil at the Holyrood generating station with clean renewable energy, making our electricity system 98 per cent carbon-free.

In the construction phase, the project will create enormous business and employment opportunities here in St. John's and across the province. And in the long term, it will give us rate stability and generate the power to fuel the growth of our economy moving forward.

I have met with mining companies that are very interested in what is happening in Labrador. Some are ready to move, ready to generate hundreds and hundreds of jobs and benefits for the people of Newfoundland and Labrador, but they cannot do it without power. They have their eyes set on Muskrat Falls to provide stable and competitive rates.

They understand that if Muskrat Falls does not go ahead, what happens in Labrador from that point on lies squarely in the hands of Hydro-Québec and the province of Quebec.

Think about that! Does anybody have any confidence that, when mines in this province go to Hydro-Québec looking for energy for development in Labrador, they are going to get the best industrial rates in Atlantic Canada? Not likely. Hydro Quebec's history is to seek the best deal for itself, which likely means power rates approximating alternatives such as diesel-generated power. This would be disaster with hundreds, indeed thousands, of jobs in this province hang in the balance.

We have vast non-renewable resources in our province in oil and minerals. These resources have propelled us forward while globally most economies are in decline. They will continue to propel us forward for years to come. But we also need to be cognizant of the fact that these non-renewable resources will not last forever. It takes foresight and vision to plan for the time when they will be depleted. We need to be taking action now to harness the returns from our non-renewable resources in order to bring our renewable resources on stream. It is only with a perpetual supply of renewable energy that we will establish a stable, sustainable economy in which future generations can thrive. That is our vision moving forward.

This fundamental shift from non-renewable to renewable resource wealth means our economy will no longer need to be solely project-based. We will have the power to diversify and grow. Our businesses will have the power to prosper and compete, not only locally, but globally.

This project works at every level:

- It provides the lowest rates to the people of the province.
- It is environmentally responsible.
- It will drive our economy.
- It will make us energy self-sufficient.
- It breaks Quebec's hold.

Our Destiny in Whose Hands

So here is the real question we need to be asking. Who is going to shape and control our destiny? Others will not build walls and set limits on how big we can grow and how strong we will be. We, as Newfoundlanders and Labradorians, will be the authors of our own destiny. Our resources must be developed for the primary benefit and the maximum benefit of the people of Newfoundland and Labrador. That will not happen unless we are in the driver's seat. It will not happen if Quebec is deciding how big we can grow.

Remember: the Upper Churchill Contract remains an open wound. It is not a dead issue, decades-old. It has three decades left to run. And by the time the agreement expires, Quebec will see a benefit of \$20 billion, while we receive only \$1 billion. That's right: Quebec will have received 95% of the financial benefit from that contract. It is a horrendous inequity, and we will never allow it to happen again! Escaping Quebec's predatory grip on our province's economy is absolutely fundamental if we are to position ourselves to shift from reliance on diminishing non-renewable resources to a renewable-energy economy that will sustain us for generations to come.

And this is the time we have to begin to move – not 30 or 20 or 10 or even 5 years down the road, because that stranglehold is costing us opportunities that we need to be developing right now.

And here is the beauty of the Muskrat Falls project. By building the transmission lines to the island to supply our own energy needs and opening up a route to Nova Scotia and beyond, we are changing the dynamic completely when we begin talking about developing Gull Island. We will negotiate from a position of strength and Muskrat Falls provides a lesson for everyone that we will not be held hostage. It is the path we need to unleash the economic potential of the Churchill River. Muskrat Falls is truly a game-changer.

Sustainable Energy Economy

Opening up renewable energy sources is the key to making our newfound energy wealth sustainable over the long term. Escaping Quebec's grip on our hydro sector and gaining a new revenue stream based on a truly renewable resource means true independence for Newfoundland and Labrador— fiscal and economic independence from those who are suffocating us, and the power to chart our own destiny, unfettered by those who would hold us back and keep us down.

Ours will be a diversified energy economy, with power we can draw on, not just until the wells run dry, but in perpetuity, generation after generation after generation—power that will pour wealth and opportunity into our economy to sustain our grandchildren and their grandchildren long after we are gone.

This is no more a pipe dream than achieving have status was a pipe dream. It is a real opportunity, tangible and solid, right there before us, just waiting to be grasped.

This is the chance of a generation for Newfoundland and Labrador. We must not, we cannot, and we will not let it slip through our fingers. Nor will we be blindsided by those who lack the foresight to see the big picture, who are more interested in managing decline than investing in the future our province.

Huge Stakes

Let's not pretend this is just another debate about just another project. What is at stake is nothing less than the economic self-reliance of Newfoundland and Labrador. An open conduit for renewable energy would give us an unprecedented open pathway for exporting our surplus power for profit until we can use that power for industrial expansion here at home. We would have the time and the means to attract new industry and new growth for our communities. We would have the time and the means to pursue new opportunities to build a strong and enduring economy where industries can thrive and employment can grow. This is why Muskrat Falls development truly excites me as the Premier of this province. It takes our greatest hopes for the future and grounds them in solid bedrock. No other jurisdiction and no other generation would let an opportunity so good and so important slip through its grasp. Nor should we.

Make no mistake about it, my friends. The quality of our children's future will be determined by the choice we make right here, right now. This is our proving ground, and their future is what is at stake. When they and their children look back at us at this pivotal moment in our province's history, it will not be with bitter regret that we squandered so great an opportunity. They will look back at us with pride and commend us for having had the courage to do what is right by choosing to give Newfoundland and Labrador the bright future it deserves.

Join Me

It is invigorating to be here among people of foresight, courage and strength who are intent – as I am – on driving opportunities in this province.

Recently, entrepreneur Zita Cobb, sent me an inspirational note that I would like to share with you:

“Anything worthwhile in life is done in a tension between opposites. If you want to make a difference, you have to be comfortable in the tension. Otherwise, you're playing it safe.”

With so much at stake, I have every confidence that you will be fully engaged in this discussion during this time of “tension between opposites.” We will have an important decision to make. I believe the final expert analysis will demonstrate that Muskrat Falls will provide Newfoundland and Labrador with the power we need to grow and prosper at the lowest cost. And when this is confirmed, we will not “play it safe”, but together we will exercise the strength required to seize this opportunity and lead Newfoundland and Labrador forward to achieve the full measure of our boundless potential.

Thank you.