

At the outset, Brinco had seven shareholders, most of whom were resident in the United Kingdom. We have carried out an extensive program of mineral exploration, including some fairly advanced work in an area of uranium mineralization. We have brought into production a copper mine and mill near Springdale, Newfoundland, and we are now carrying out the development of a neighbouring ore body which we expect will appreciably extend the estimated life of this property. We developed the Twin Falls Power Project, and twice expanded it, in Labrador to support the iron ore developments at Wabush Lake and Carol Lake. We have provided management for the development of the Bay d'Espoir Power Project in Newfoundland for the owner, the Newfoundland and Labrador Power Commission. We have undertaken extensive surveys of water power resources in Labrador, and, as you know, have carried out an advanced study and field work at one site, Gull Island, on the Lower Churchill River. Finally, we are currently carrying out the development of Churchill Falls, our largest project to date. Since the company was formed we have raised over \$1 billion for the development of these various projects in Newfoundland. While these endeavours were under way we also increased the number of our shareholders from seven to over 22,000, and our Canadian ownership from nil to 40 per cent. That, in a few words, sums up our activities in recent years.

While we are, of course, very concerned about the aspects of the White Paper relating to mining companies, the impact of the White Paper proposals upon our interests in the Churchill Falls power development, which is being constructed by our 57 per cent owned subsidiary, Churchill Falls (Labrador) Corporation Limited, is so great that we have limited our submission to this latter problem. I should make it clear that our failure to comment upon the mining aspects of the White Paper does not indicate any lack of concern on our part, but a belief that the problems in this area have been adequately presented to your committee by many others.

Turning to our interest in Churchill Falls, we have summarized on page 13. . .

The Chairman: Could we just stop right there for a moment, Mr. Mulholland. Can we assume that you say you are not dealing specifically with the mining phases of the White Paper, knowing that we have had considerable representations and that you are aware of those representations and you share the views expressed?

Mr. Mulholland: That is true, Mr. Chairman. Turning to our interest in Churchill Falls, we have summarized on page 13 of our brief the effect of the various White Paper proposals on our shareholders with respect to income from Churchill Falls. This summary compares the effect of the present system with the effect of the proposed system. It will be seen that for a closely held corporate shareholder of Brinco there will be a reduction of between 60 per cent and 51 per cent in its after tax income and for an individual with a marginal rate of only 20 per cent a reduction of between 36 per cent and 22 per cent. I think it is obvious that the effect is so severe that one can assume that the initial equity investment in our company would not have been made under the proposed system and that future developments of this kind will be severely limited, if the White Paper proposals are adopted.

While our company and our shareholders are seriously affected by the same problems as other public utilities, I think our position is somewhat different from other utilities in a number of important respects:

First, Churchill Falls is constructing the largest hydro-electric power development in North America at a cost of almost \$1 billion. The decision to proceed with this development, the arranging of financing, the principal agreements with the Province of Newfoundland and the power contract with Hydro-Quebec under which power is sold at prescribed prices for 40 years were all negotiated on the basis of the existing tax structure. I emphasize the word "structure" because like any corporation we know that our tax position would not remain static. However, we did believe that in a politically stable country such as Canada we could reasonably expect that we would not suffer any significantly greater increase in tax burden than other taxpayers.

Secondly, because we are developing a hydro-electric power project in one province and selling all of that power to another province, our tax position is more complicated than that of other public utilities. As you know, the federal Government rebates 95 per cent of the tax collected by it to the provinces in order to assure that provincial revenues do not suffer by virtue of utilities being operated by private companies rather than by the provincial government.

In our case these rebates had to be shared between the two provinces. In this connection it is important to note that any reduction in the rebate from the federal Government to the provinces will fall not on the present recipients of the benefit of the rebate but