



LABRADOR NORTH CHAMBER OF COMMERCE

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Dear Editor:

Discussion on whether to proceed with the Lower Churchill hydroelectric project has been ongoing for more than 40 years, and never more prevalent than in recent times. With a possible sanctioning of the Muskrat Falls component in sight, debate amongst those in support of and opposed to the development has increased in recent months.

As the voice for Central Labrador business, the Labrador North Chamber of Commerce (LNCC) is on the record as supporting the project, as we firmly believe it to be a development that will forever enhance the economic future of Labrador (and Newfoundland) for the better. This support is not unconditional however, as we are steadfast in our adjacency requirement that Labrador be the primary beneficiary from a socio-economic perspective, and that the development be completed in a fiscally and environmentally responsible manner. This support extends to the plight of coastal communities lobbying for access to reliable energy sources, whether supplied from Muskrat Falls or an alternate means such as wind or mini-hydro generation.

Much of what we hear and read in the press related to Muskrat Falls is from the viewpoint of the opposition, including groups raising concerns related to environmental stewardship, Aboriginal rights, social issues, employment, and the short-term cost of power to potential user groups. As a community-minded, socially and environmentally responsible organization, the LNCC welcomes debate and protest from informed stakeholders, as the ability to voice ones opinion is a cornerstone of our society. With that said, little profile has been given in media circles regarding the potential benefits of such a project to Labrador, particularly in isolation of island considerations and concerns.

So what does this mean for Labrador? Most of us have seen the numbers for the construction phase – an estimated \$500M in contracts for Labrador companies plus 3,100 jobs at peak with preference given to qualified Labradorians, not to mention the spin-off effect that will generate many additional millions of dollars for Central Labrador. This will translate into a significant economic boost for the region and Labrador as a whole over a relatively short timeframe, which will bring both prosperity and challenges. It is incumbent upon federal, provincial and municipal governments, as well as the business community and citizens alike, to work together in order to mitigate such challenges. As Newfoundlanders and Labradorians are renowned for their ability to overcome, we are confident these stakeholders will rise to the occasion.

Looking beyond construction, access to energy is where the long-term potential lies for Labrador. With an abundance of undeveloped resources such as minerals, oil and gas, and timber, an economical and reliable source of power has the potential to transform Labrador into a much more important industrial hub for the province. Not to downplay the current regional importance, but Labrador has a long-standing history of projects that extract raw materials for export with little in the way of value-added activities. However, access to Muskrat Falls energy will empower Labrador with the potential to become a major

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secondary-processor. With that comes long-term employment, wealth, diversification of the retail and service sectors, improved social and other services, increased overall quality of life, and perhaps most importantly, an enhanced ability for Labrador to control its own socio-economic destiny.

One important point often overlooked in the justification for Muskrat Falls is the need for available power for Labrador resource and industrial development. Consider a scenario where the existing Holyrood facility is converted from diesel fuel to natural gas. While such a refit may or may not be a cost effective and long-term solution for island residents, it most certainly will not address the growing power demands in Labrador. Considering all current projects, the region's undeveloped mining potential has been estimated to be worth as much as \$100B, which would generate many thousands of person years of employment for our citizens, immeasurable spin-off opportunities for business, and vast royalties back to the provincial coffers. Yet without an adequate, stable and environmentally sustainable source of energy, this vital Labrador industry and others will remain mere prospect.

It is difficult to foresee a time when financial conditions for such a project could be more favourable. The \$7.4B price tag is substantial, yet borrowing costs are beneficial as interest rates remain low and the province is close to securing a loan guarantee from the Government of Canada, meaning an estimated savings of \$600M. Furthermore, with other large-scale projects under construction or soon to be in the province, Atlantic Canada and across the country, competition for labour, and in-turn the associated compensation, will considerably increase moving forward so any delays will undoubtedly drive up the overall project cost. In this light, investment at this time is prudent.

This is an exciting time for Newfoundland & Labrador. There is a lot at stake for all residents of our province, both short and long-term. And perhaps we have become hyper-sensitive and cynical in light of the shortcomings with the Upper Churchill development, and maybe rightfully so. However, it is our view that delaying this project yet again based primarily on political posturing will not bode well for our future, especially for the generations to come. If we continue to rely on unsustainable and environmentally harmful fossil fuels to power our businesses and communities, Newfoundland and Labrador will return to 'have-not' status, and Labrador in particular will remain in an 'economic wilderness'.

The time is right for Muskrat Falls. Let's do it now and do it right, for Newfoundland and Labrador and the prosperous legacy we will leave.

Board of Directors
Labrador North Chamber of Commerce

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