PUBLIC TIMBER ALLOCATION POLICY IN NEWFOUNDLAND

by

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M.Sc.F., University of Toronto, 1969

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

in
THE FACULTY OF GRADUATE STUDIES
Department of Forestry,

We accept this thesis as conforming
to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA
May, 1978

John A. Munro, 1978
ABSTRACT

Early public timber allocation policies were perceived by many in Newfoundland to be having a continuing influence on forest management policy. A thorough review of these policies and the resulting development of forest industry had never been undertaken. It was decided to carry out such a review by testing three hypotheses on past timber allocation policy. These hypotheses are stated as follows: the pattern of use of the coastal forest resource was established centuries ago by transient fishermen and early settlers and this has had a profound influence on public timber allocation policy; early government timber allocation policies for the forest resource of the interior of the Island and Labrador were a giveaway; and the early timber allocation policies led to undue concentration of ownership of the interior timber resource of the Island of Newfoundland.

These hypotheses are evaluated by examining the historical record to determine the evolution of early timber allocation policies and the subsequent development of the forest resource. The influence of early settlement on timber allocation is established by a literature review which documents traditional attitudes and uses of the coastal forest resource. An extensive review of timber allocation legislation and a search of government records was under-
taken to establish early timber allocation policies and the results that were achieved in terms of forest-based industrial development. Examination of the historic record allowed a judgement to be made on the extent to which the forest resource of Newfoundland and Labrador has proven to be intramarginal, marginal or submarginal in an economic sense. This provided the basis for the evaluation of the second and third hypotheses.

The study concludes that the attitudes of early settlers towards the use of the forest resource have had a profound influence over public timber allocation policy. The existence of the 'three-mile limit', a band of common-property forest around the coast of the Island, is identified as a direct result of this influence. The importance and special function of this part of the forest resource should be recognized in an explicit statement of forest policy by the government.

It is also concluded that the early timber allocation policies for the forests of the interior of the Island and Labrador were not a major giveaway of economic rents at the time. Initially the government tried to capture more economic rent through higher charges but, in order to encourage development, it was forced to lower its fees and extend the term of timber licenses from 21 to 99 years. This was because much of the resource was found to be
marginal or submarginal for the developments that were initially undertaken.

While considerable concentration of ownership of the forest resource in the interior of the Island of Newfoundland did occur, this was the result of a rational reallocation of timber licenses from economically nonviable to economically viable developments. Scattered resources, which had proven to be submarginal for small-scale development, later proved to be intramarginal when combined into large limit areas for major pulp and paper mills.

Finally it is suggested that the policy since 1949 of encouraging further large-scale forest development be questioned and more emphasis be placed on using available intramarginal and marginal resources to preserve and expand established forest industry. While historically the forest resources of Labrador and remote parts of the Island have proved to be submarginal, the prospects for these resources to support viable industries should be reviewed periodically to see if further development attempts should be encouraged.
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*maps in back pocket*
PREFACE

During the 1960's I was privileged to work with a small group of dedicated foresters and others, in forest administration in the public service of Newfoundland. A Royal Commission on Forestry (Kennedy, 1955) had assessed the forestry problems and opportunities facing the Province, made a number of recommendations and proposed that a fully staffed Newfoundland Forest Service be organized by 1960, to administer an expanded forestry program. The Government acted on this recommendation and in 1960 appointed a Chief Forester to be in charge of the Forest Service which was part of the newly created Department of Mines, Agriculture and Resources. Fresh out of the University of New Brunswick in the spring of 1961 with a Bachelor of Science Degree in Forestry, I was one of the first foresters to work for the Newfoundland Forest Service.

The small staff of the service struggled with many problems while it tried to build up an effective organization to manage the forest resources of the Province. There were many difficulties including the perennials, inadequate funds and shortage of qualified professional and technical staff. There were also some notable accomplishments, including the establishment of a forest fire control
system and the initiation of a province-wide forest inventory.

These and other activities by the Forest Service were undertaken in general support of the Provincial Government's strenuous efforts to further expand the forest based industries. However, although everyone worked hard towards this goal, progress was slow and there were many setbacks. New development proposals were often received and vigorously pursued but they almost invariably failed to mature into viable job-creating industries.

As I gained experience, it became clear to me that although the forest policy of the Government had never been clearly articulated, it was intimately related and subservient to general economic development policy. I began to suspect that past forest and economic development policies were possibly the root cause of at least some of the seemingly insoluble current difficulties. Many of these problems seemed centered around the pattern of timber allocation. I could not help but speculate on the possibility that history was being repeated and that present problems were in fact related to earlier and long-forgotten government attempts to encourage the establishment of forest industry.

I realized that in fact there was little documentation of the origins and workings of early timber allocation policies and the process by which ownership of the entire
interior forest resources of the Island became concentrated in two large private companies. Under what circumstances were the early allocations made? What were the objectives of Government in making these allocations? Were these objectives achieved?

It seemed to me that a clear understanding of present problems relating to timber allocation could only be obtained by an in-depth analysis of past policies, practices and events. Without such an historical analysis, forest managers in Newfoundland would never fully understand the true nature of the problems they faced and could continually be frustrated in their attempts to further develop and manage the forest resource of the province.

In recent years there has been increasing interest in Canada in natural resource policy, including forest policy (Burton, 1972). Since the forest resource is largely owned and controlled by the provinces, they have taken the initiative in reviewing their forest management policies. A good summary of the increasing involvement of provincial governments in Eastern Canada in all aspects of forest management is contained in the proceedings of a meeting of the National Forest Management Group of the Canadian Pulp and Paper Association held at Thunder Bay in 1974 (see references below). In the papers presented by provincial government representatives from Newfoundland, Nova Scotia, New Brunswick, Quebec and Ontario, a common theme of increasing government control over the forestry operations of the
private sector is obvious. One serious problem mentioned by most provincial representatives was the historic forest tenure system which was perceived to be impeding further resource development and utilization. Most representatives indicated that their governments were determined to effect changes.

The Nova Scotia Government has had a long standing policy of buying back private land with the objective of bringing more of the forest resource under its direct control. The province has also developed a new form of timber license with a major company in which a portion of the stumpage charge is retained by the company and invested in silvicultural improvements to the licensed area (Atkins, 1974). In New Brunswick, one fundamental obstacle standing in the way of further development of forest-based industries was, "the maldistribution of the available timber resources" (Marshall et al., 1974). The Ontario delegate noted that, "present holdings are historic rather than rational" (Dixon, 1974). The most sweeping re-evaluation of government forest policy has occurred in Quebec, where the historic resource protection role of government has been changed to where the Ministry of Lands and Forests now sees its role as "an active agent promoting the development of the resource . . ." One result of this is the plan to abolish existing private timber limits and replace them with volume agreements or contracts for 10 to 20 year periods (Pouliot, 1974).
In a recent series of papers in The Forestry Chronicle, Smith (1977) reviewed the progress made by the Quebec Government in implementing its new timber allocation policies, Nautiyal (1977) outlined the forest land tenure structure in Ontario and Carroll (1977) described the present timber disposal system of Alberta. The timber allocation policies of British Columbia have recently received an exhaustive review by a special Royal Commission (Pearse, 1976).

Concern with timber allocation policy in Newfoundland can thus be viewed as part of a national trend. This thesis seeks to provide a historical perspective to this concern by examining the timber allocation policies of early Newfoundland Governments and assessing the results they achieved.
ACKNOWLEDGMENTS

Research for this thesis was carried on, with some major interruptions, in St. John's from the fall of 1972 to the end of 1977, while I was employed at the Newfoundland Forest Research Centre, Canadian Forestry Service, Environment Canada.

From the beginning I received full co-operation from the Department of Forestry and Agriculture of the Provincial Government. I am especially indebted to Mr. R.D. Sheppard, Assistant Deputy Minister of Forestry, during the early stages of research, for allowing me access to historical records of the Department. Mr. J.A. Brennan, present Assistant Deputy Minister of Forestry, and Mr. A.C. McEwen, former Director of Policy and Planning, also provided valuable assistance. Various members of the staff of the Crown Lands Division of the Department helped in locating old records and maps. I must especially acknowledge the assistance of Mr. W.B. Titford, former Chief Draughtsman with the Division, who carried out a special search of departmental records which he had compiled for information (particularly maps) on old timber ownerships. Mr. E. Learning and Mrs. E. Hanton of the Records Registry assisted me in locating old documents relating to forest land tenure. Mr. B. Delaney, Director
of Forest Inventory, and Mr. M. Rogers of the Photographic Unit of the Inventory Division helped by arranging the photographic reproduction of the only available copies of certain old timber limit maps.

A considerable amount of research effort was spent in documenting sales of timber licenses in the Registry of Deeds, Companies and Securities of the Newfoundland Department of Justice. In this work I received the co-operation of the Registrar, Mr. Gerald Tessier and his staff. Mr. David Davis, Chief of Research at the Newfoundland Archives, Department of Tourism, and the staff at the Archives, provided invaluable assistance in locating and photocopying many original government documents relating to timber allocation policy. Similar help was received from Miss Norma Jean Richards of the Legislative Library, Newfoundland House of Assembly and from Mrs. Mona Pearce of the Law Library of the Department of Justice.

Most information on the early operations of the pulp and paper companies at Grand Falls and Corner Brook was obtained from published sources or from Government records. Mr. M.C. Vardy, Woodlands Manager of Bowater Newfoundland Limited of Corner Brook, Mr. M. Squires (Chief Forester) and Mr. J. Curran of Price (Nfld.) Pulp and Paper Limited, all provided additional documentation and helped with general discussions of past company operations. I am also indebted to Mr. Fred Fitzpatrick, former Company Solicitor
with Bowater Newfoundland Limited, for discussion and assistance provided in the early stages of my research.

I was further assisted by Mr. J. Donnelly and Mr. D. Stone, Technicians on the staff of the Newfoundland Forest Research Centre. Mr. Donnelly compiled a complete set of Newfoundland Forestry Legislation, and Mr. Donnelly and Mr. Stone neatly drafted corrections to maps and turned my rough draft charts into the figures spaced throughout the thesis. Maps 2, 3, 4 and 5 in Appendix 7 were drafted by Mr. Donnelly. Mr. Don Cright of the Graphic Section, Information Services Directorate, Environment Canada, Ottawa, supervised the reproduction of Map 1 in Appendix 7.

Mr. D. Nickerson, formerly with the Newfoundland Forest Research Centre (retired), Mr. H. Whalen of the Political Science Faculty of Memorial University of St. John's, and Dr. R. Forster, Chief of Resource Utilization with the Canadian Forestry Service in Ottawa, all reviewed an early draft of the thesis late in 1975 and provided valuable criticisms and comments. I owe a special debt of gratitude to certain members of my Candidate's Committee, namely the Chairman, Dr. D. Haley, Dr. P. Pearse, Dr. H. Smith and Dr. J. Thigood, who patiently reviewed various drafts sent to them at irregular intervals and made valuable suggestions for changes and improvements.

I have to thank my mother, Agnes Munro, and Mrs. Nellie Osmond for rough typing early draft copies,
and Mrs. Margaret Jeans who typed the final copy. I am also grateful to my wife, Lorraine, who patiently endured considerable inconvenience during my years in graduate school and who quietly encouraged me to see this project through to completion.

Finally this work was made possible by one person, Dr. W.J. Carroll, Director of the Newfoundland Forest Research Centre, who provided me with the most vital resource of all, time. He encouraged me to assign a high priority to the completion of this project and released me from other duties whenever possible.

The above people must receive a large share of the credit for any merit contained in the following pages. I alone am responsible for any errors or omissions.
PART I
INTRODUCTION

CHAPTER I. JUSTIFICATION FOR THE STUDY

CHAPTER II. BACKGROUND TO NEWFOUNDLAND AND ITS FOREST RESOURCE
CHAPTER I

SCOPE OF THE THESIS

Timber Allocation Policy in Newfoundland

Recent concern of the Government of Newfoundland over management of the forest resource can be viewed as part of a widespread national trend which reflects increasing public interest in management of natural resources. In 1972 a special Federal-Provincial Task Force on Forestry was appointed to carry out a detailed review of the forest resource and make recommendations for an improved system of forest management and greater wood utilization. The Task Force completed its report (Sheppard and Carroll, 1973) and, among other things, recommended increased government supervision of limit areas under the control of the pulp and paper industry.

The Task Force carried out its work on a very restricted time schedule and was unable to undertake a thorough review of past timber allocation policies and their effect on the development of forest industry in Newfoundland. The main objective of this thesis is to fill in this substantial gap in the forestry literature of the province and to provide additional insights into the development of forest policy and industry in Newfoundland.
The past timber allocation policy of Newfoundland has been described in glowing terms but has also been severely criticized. Greeley (1953) stated that Newfoundland had experienced a "vigorous and individualistic forest development". The timber leases and licenses were long term and no timber royalty or stumpage charges were assessed but "... forest management, at the operators cost, appears to be outstanding". He concluded that, "Newfoundland's policy had gone far toward creating tenures as secure as private ownership". The Atlantic Development Board (1968) on the other hand, criticized the "sweeping concessions" that had been made to attract industry in the early 1900's. It stated that, "the lack of clauses providing for periodic re-examination of the agreements was short-sighted", and, "having absolute control over the wood supplies on their respective limits, the companies do not practice any form of forest management". One's judgement of the merits of the system will obviously vary depending on one's point of view.

While timber allocation policy was only part of overall forest policy, it was the most important aspect of forest policy in Newfoundland. In fact, one gets the impression that once the question of ownership of timber resources was settled in the early 1900's the government tended to forget about forest policy altogether; until the mid 1930's. This is not quite true. As early as 1905 (Wilton and Evans, 1974) the Government was involved with
the establishment of a fire suppression organization and a Chief Woods Ranger was appointed to supervise fire control operations. Government involvement in fire protection was limited because (although numbers of seasonal employees were usually hired) up to 1934 there was still only one full-time employee, the Chief Woods Ranger, responsible for Government fire protection operations (Kennedy, 1955). The Government was also concerned from time to time about whether or not it should allow the export of unprocessed wood from the country. Generally the intent was to prohibit such exports, but in times of economic necessity, the restriction on the export of unprocessed wood tended to be lifted, so that short-term employment could be provided in outlying areas. Government policy in the areas of fire protection and trade in unprocessed wood was of secondary importance compared to timber allocation policy because this effectively determined the ownership of the forest resources of the Island for periods of up to 99 years and longer, and seriously limited the resource management options of governments in later years.

Hypotheses Concerning Historic Timber Allocation Policy

Although not very well documented in print, there are a number of hypotheses or beliefs about the historic timber allocation system held by resource managers familiar with conditions in Newfoundland. These provide a frame of reference for the study and are summarized below.
1) The pattern of use of the coastal forest resource was established centuries ago by transient fishermen and early settlers and this has had a profound influence on public timber allocation policy.

The coastal forest was used as a source of fuel and raw materials by visiting European fishermen soon after John Cabot discovered the Island in 1497 and reported the surrounding waters to be teeming with codfish. In the centuries that followed hundreds of small fishing settlements were established around the coast. The main economic activity of these settlers was fishing but they also made intensive use of the forest resource. Strong traditional rights were established which still persist today and have been an important (though poorly defined) consideration in public timber allocation policy.

2) Early government timber allocation policies for the forest resource of the interior of the Island and for Labrador were a giveaway.

This is perhaps the most widely held belief concerning the timber allocation system in Newfoundland. The Report of the Newfoundland Royal Commission on Forestry of 1955 discussed the dominant position of the two pulp and paper companies located at Grand Falls and Corner Brook and stated:

These two pulp and paper companies control the bulk of the Island's forest resources. The way in which the hands of the government of the province have been tied by the terms and conditions of the agreements obtained by these companies in past years has been a revelation to the Commission (Kennedy, 1955).
The inference is that, in its original timber allocations, the Government practically gave away the interior forest resources to the pulp and paper companies in return for the industries they established. The companies got valuable limit areas for practically nothing. The generous terms and conditions under which rights to the forest resource were allocated allowed the pulp and paper companies to capture most of the surplus value or economic rent accruing through its development. Direct revenues to the government were minimal and could have been higher.

3) The early timber allocation policies led to undue concentration of ownership of the interior timber resource on the Island of Newfoundland.

The concentration of timber ownership in the interior will be described. By 'undue concentration' is meant the extent to which the pulp and paper companies acquired and held timber resources in excess of their needs and thus prevented the establishment of additional forest industries with associated employment and income benefits.

After the concentration of timber ownership in the interior took place, any subsequent large-scale development of wood-based industry could only have been accommodated if cutting rights to the limit areas of one or both pulp and paper companies had been obtained. This has not proved to be easy. Both companies have been reluctant to part with any substantial portion of their timber resource, claiming all of it is required to support current and
anticipated requirements. Many resource managers and others within government have felt that if a reorganization of timber limits had been achieved, further large-scale forest-based development at sites other than Grand Falls and Corner Brook would have been feasible.

**Method**

The only way in which these hypotheses could be tested was to examine the record of the past and to evaluate policies that were adopted in terms of the results they produced.

A considerable amount of information on the development of traditional settlers' rights to the coastal forest was available (usually as casual references) in historical accounts of the Newfoundland fishery. This information was uncovered in a review of relevant material at the Centre for Newfoundland Studies at Memorial University at St. John's. Information on timber allocation legislation was, of course, available in the published statutes of Newfoundland. The published reports on comparatively recent events, such as royal commission studies, were consulted as necessary.

There were, however, serious gaps in the published information available. The record of the chain of events that occurred after timber allocation legislation was first enacted in the late 1800's, until the interior forest lands
were acquired by the two major pulp and paper companies (in comparatively recent times), was a virtual blank. Reconstructing this sequence of events was a major research undertaking. Remaining records of the old Department of Agriculture and Mines and other government departments were examined in detail to determine the numbers and kinds of timber allocations that were made, the areas that were alienated and the industrial developments which resulted. The thesis puts this series of events into the public record for the first time.

Once the record was established the hypotheses could be evaluated against the historical evidence and the economic concepts of intramarginal, marginal and submarginal resources. For example, did the two pulp and paper companies which emerged as the dominant private timber owners gain control of a rich intramarginal resource or were these largely marginal forest lands? Was the concentration of timber ownership which occurred "bad" or was it the best that could be obtained under the circumstances? This kind of analysis of timber allocation policy has never been carried out for Newfoundland and the answers to these and related questions provide interesting explanations of past government policies and suggest useful guidelines for the future management of the provincial forest resource.
Conventional English units of measure are used throughout the thesis. Wood volumes are expressed in cunits (100 cubic feet of solid timber) except for occasional references to cords in some quotations from the reference material. A cord in Newfoundland is usually assumed to contain 85 cubic feet of solid timber and is converted to cunits on the basis of 1.18 cords per cunit. Lumber production is given in board feet and in Newfoundland this is usually a measure of actual mill output rather than a scaled estimate of lumber content of sawlogs. It is usually assumed that 2 cords or 1.7 cunits of sawlogs will yield 1000 board feet of lumber.

For conversion from English to metric units, the following factors may be used (Lee, 1976):

1 inch = 2.54 centimetres
1 mile = 1.609 kilometres
1 acre = 0.405 hectares
1 square mile = 2.590 square kilometres
1 cunit = 2.832 cubic metres
1 ton = 0.907 tonnes
Thesis Outline

The thesis is divided into four main parts. Part I, the introduction, contains two chapters. Chapter I includes the hypotheses and justification for the study and Chapter II provides a geographic outline of Newfoundland and the importance of its forest resource.

Part II contains six chapters on historical timber allocation policy and the resulting developments in forest industry and timber ownership. Chapter III describes the development of early, differing attitudes towards the use of the coastal and interior forest areas. Chapter IV outlines the process by which the interior forest areas were allocated during the late 1800's and early 1900's. Chapter V explains the emergence of the pulp and paper industry and the way in which two companies gained control over the interior forest resource on the Island. The various attempts at development of the forest resources in Labrador are outlined in Chapter VI. Chapter VII deals with the value of timber cutting rights on the Island as indicated by timber license sales and some general estimates of the value of the limit areas of some companies. Chapter VIII describes the development of forest industry which followed the establishment of the timber allocation system.

Part III contains three chapters which evaluate the hypotheses stated in Chapter I. Chapter IX assesses the influence of tradition and historical attitudes on public
timber allocation policy; Chapter X considers the question of whether or not timber allocation policies for inland forest areas were a giveaway of economic rents; and Chapter XI deals with the question of concentration of timber ownership on the Island.

Part IV contains Chapter XII in which the major conclusions and recommendations of the thesis are stated.
CHAPTER II
BACKGROUND TO NEWFOUNDLAND AND ITS FOREST RESOURCE

The following geographical outline of Newfoundland, its forest resource and forest-based industries is included here to provide a general background to the main part of the thesis. The reader already familiar with this subject may wish to pass over this chapter and proceed to the next section.

The Land

The Island of Newfoundland is part of the Canadian portion of the Appalachian Physiographic Region of North America (Rowe, 1972). In this region in Canada podzolic soils predominate but in Newfoundland extensive areas of rock and organic soils are also encountered. The Island is roughly triangular in shape (Figure 1). The South and West Coasts which respectively form the base and one side of the triangle are approximately 300 miles long. The Northeast Coast, which forms the ragged edge of the third side is deeply indented with many islands and is somewhat in excess of 300 miles in overall length. The Long Range Mountains extend along the West Coast. The land rises steeply from the sea or from a narrow coastal plain
to a maximum height of 2,651 feet to form the edge of a lake-studded plateau that slopes to the north east to elevations that do not exceed a few hundred feet (Encyclopedia Britannica, 1974). The interior plateau is gently undulating. Most of the rivers and valleys are oriented in a northeast - southwest direction. The submerged coastline is generally rugged with many bays and inlets. The gross area of the Island is 43,028 square miles and this includes 4,347 square miles of water surface (Newfoundland, 1974).

Newfoundland Labrador lies completely within the area of precambrian rock known as the Canadian Shield (Rowe, 1974). The term Labrador as used here applies to the 111,750 square mile eastern section of the Labrador-Ungava Peninsula whose waters drain into the Atlantic Ocean. This area was assigned to Newfoundland in a 1927 decision of the Privy Council which settled a long-standing boundary dispute between Newfoundland and Canada (Wilton, 1964).

Like the Island, Labrador can be roughly described as a triangle (Figure 1). The base is the 400-mile southern boundary with Quebec. The sides are formed on the east by the 700 mile long, deeply indented Atlantic coastline and on the west by the Quebec boundary which, along this section, is mainly the height of land between the rivers draining east to the Atlantic and those draining west and north to Ungava Bay. Cape Chidley, at latitude 60°20" north, forms the apex of the Labrador triangle.
The main mountain ranges in Labrador are the Torngats which rise abruptly to 5500 feet along the northern coast and the Mealy Mountains which reach heights of 4300 feet and are located immediately south of Lake Melville, which is a deep indentation of the Atlantic coastline. The rest of the interior has been described as an undulating, lake-spotted, plateau (Encyclopedia Britannica, 1974). This plateau is tilted towards the northeast and is about 2500 feet above sea level in the southwest, 1700 feet in the northwest, and from just under 1000 feet to 1200 feet in the east. The interior has been scoured by glaciation. There are large areas of swamp and muskeg and low lying areas are often filled with glacial till, sands and patches of lake clay (Wilton, 1964).

The effects of midlatitude storms dominate the climate of both the Island and Labrador (Encyclopedia Britannica, 1974). Warm air drawn from the south by these storms contributes to high precipitation on the South Coast of the Island while easterly winds preceding each disturbance blow across the cold Labrador current keeping summers cool and retarding the arrival of spring. Following the passage of each storm, northwest winds bring in Arctic air which also contributes to the cool climate (Encyclopedia Britannica, 1974). Mean total annual precipitation ranges from 71 inches on parts of the South and West Coasts of the Island to about 24 inches in Northern Labrador; mean
total annual snowfall ranges from 79 to over 197 inches in Labrador and from 79 to 157 inches on the Island; and mean annual temperatures range mainly from 2.5 degrees (Celsius) to 5 degrees on the Island and from -5 degrees to 0 degrees over most of Labrador (Peach, 1976). The mean annual length of the growing season varies from 120 days to over 160 days for the Island and is about 120 days for the forested areas of Labrador (Rowe, 1972).

Good agricultural land is very scarce in Newfoundland. The recent forest inventory for the Island classified only 15,600 acres as agricultural land (Newfoundland, 1974). Settlers in coastal areas have traditionally cultivated small garden plots for vegetable production but large scale agricultural development of inland areas has never occurred in Newfoundland to the extent it has in other provinces of Canada. The rural economy of the province has been largely based on fishing, forestry and mining activities.

**The People and Government**

As of October 1975 the population of Newfoundland was 553,000 (Newfoundland, 1976). Of this total, about 95 per cent are of British origin, nearly 4 per cent are of French and Channel Islands extraction and 0.3 per cent are native Indian and Eskimo peoples (Encyclopedia Britannica, 1974). In 1935 it was estimated that there were a total of 1292 settlements and that 50 per cent of the population
(of about 300,000) was located in 1192 communities which contained 500 persons or less (Mackay, 1946). In recent years many small settlements have been abandoned and about 57 per cent of the population is now classed as urban (Newfoundland, 1974). The major area of population concentration is the Avalon Peninsula where approximately 41 per cent of the people reside. Only about 5 per cent of the population lives in Labrador. The major urban centres are St. John's (the capital with 94,300 people), Corner Brook (26,500) and Grand Falls-Windsor (15,180), on the Island and Happy Valley-Goose Bay (6,700) and Labrador City-Wabush (10,000), in Labrador.

Newfoundland became a Canadian province in 1949. The period from 1832 to 1855 was a time of partial self government with an elected Assembly and an appointed Legislative Council and Governor. From 1855 to 1934 Newfoundland was an independent self governing Dominion of the British Commonwealth with an elected House of Assembly, and an appointed Legislative Council and Governor (Noel, 1971). This form of administration is commonly referred to as Responsible Government. During the world depression of the 1930's, with the Government facing default in interest payments on the national debt, a Royal Commission (known as the Amulree Commission which produced the Amulree Report) recommended the suspension of the constitution and the appointment of a 6 member
Commission (3 from Great Britain and 3 from Newfoundland) and a Governor to administer the country until financial stability could be restored (Amulree, 1933). This interlude is commonly referred to as Commission of Government. The Commission functioned until 1949, when the people voted by referendum to join Canada.

Prior to 1832 there was no official currency and all sorts of British, American and Spanish, Mexican and other coins were in circulation. In 1832 a sterling dollar was legislated but its rate of exchange ($4.00) in respect of the British pound was not established by legislation until 1854 (Berteau, 1937). In 1894 the two major local banks failed during a financial crisis and Canadian banks established branches in Newfoundland. Since then the Canadian dollar has been legal tender (Mackay, 1946).

In the late 1940's Newfoundland was in a very undeveloped state compared to other parts of Canada. Amenities such as motor roads and hydro-electric power were largely unknown (Noel, 1971). Since union with Canada (commonly referred to as "Confederation") there has been a substantial increase in both the quantity and quality of public services and a considerable improvement in overall living standards. Massive public infrastructure expenditures have been made and the per capita income, which in 1949 was 51 per cent of the Canadian average, had increased to 67 per cent by 1974 (Atlantic Provinces
Economic Council, 1976). In spite of this progress, the per capita income was still the second lowest in Canada and the economy has become heavily dependent upon transfer payments from Ottawa. Transfer payments currently account for approximately 50 per cent of the total revenues of the Provincial Government (Doody, 1976). Unemployment, always a serious problem in Newfoundland, continues at a level about double the national average. A continuing high priority goal of the Provincial Government is, understandably, the creation of new job opportunities through development of natural resources.

The Forest

The forests on the Island and in Labrador form part of the Boreal Forest Region of Canada (Rowe, 1972). The extent and quality of the resource was outlined recently in the Report of the Federal-Provincial Task Force on Forestry (Sheppard and Carroll, 1973) and in 'Forest Inventory Statistics', a report summarizing the results of a global inventory of the Island which was published by the Newfoundland Forest Service in 1974. A second inventory report, 'Forest Inventory Statistics, Labrador', was released by the Forest Service in 1975. Unless otherwise noted the information following on provincial forests was extracted from these reports.
Island

Approximately 9.5 million acres of productive forests\(^1\) are distributed throughout 15.4 million acres of forest land on the Island (see Figure 2 for outline of total forest area). The most common species are balsam fir, \((\text{Abies balsamea} \ (L) \ \text{Mill.})\),\(^2\) black spruce \((\text{Picea mariana} \ (\text{Mill.}) \ \text{B.S.P.})\), and white birch \((\text{Betula papyrifera} \ \text{Marsh.})\). White spruce \((\text{Picea glauca} \ (\text{Moench}) \ \text{Voss})\), tamarack \((\text{Larix laricina} \ (\text{Du Roi}) \ \text{K. Koch})\), and white pine \((\text{Pinus strobus} \ \text{L.})\) are softwoods which often occur as minor components in forest stands. Hardwoods of secondary importance include yellow birch \((\text{Betula alleghaniensis} \ \text{Britton} \ (\text{Betula lutea} \  \text{Michx. f.})\) and trembling aspen \((\text{Populus tremuloides} \  \text{Michx.})\).

Softwood stands occupy nearly three quarters of all productive forest area, mixed wood types account for about 15 per cent and pure hardwood stands make up only about 6 per cent. The balance is classified as nonregenerating cutover and burn. The total gross merchantable volume\(^3\) on the Island is 99.5 million cunits, 90 per cent

\(^1\)Defined by the Newfoundland Forest Service as forest land capable of producing a stand of 5 or more cunits per acre. Rotation periods range between 60 & 120 yrs.


\(^3\)Defined by the Newfoundland Forest Service as: volume of a tree stand or forest excluding bark, stump, top, roots and branches but including cull. Dead trees are excluded. Stump height is 6 inches and top diameter is 3 inches outside bark.
FIGURE 2. Island of Newfoundland showing main forested areas, Forest Inventory Regions and existing wood supply.

 KEY:
 S— Softwood Cover Type
 T— Softwood-Hardwood Type
 G— Hardwood—Softwood Type
 H— Hardwood Type

 Forested Areas
 Heavy lines are forest inventory region boundaries.

 Shaded portions of blocks = softwood volumes.
 Unshaded portions of blocks = hardwood volumes.
 Units are millions of cunits (1 cunit = approx. 1.18 cords).

of which is located in stands with a minimum volume of 5 cunits per acre and 70 per cent is contained in stands with a minimum volume of 10 cunits per acre. The distribution of the gross merchantable volume by inventory region is shown in Figure 2. Softwood species account for 87 per cent of the merchantable volume with black spruce and balsam fir forming 49 and 34 per cent respectively.

On the Island the average net growth rate on all productive forest land capable of producing at least 8 cunits per acre at a rotation age of 70 years, is 21 cubic feet per acre. The Task Force concluded that with proper management (adequate access, utilization of all species, proper age class distribution, adherence to correct rotation lengths and adequate protection against fire and insects), an annual cut of 1.65 million cunits (1.43 million softwoods and 0.22 million hardwoods) could be sustained indefinitely. Current wood requirements from the Island were estimated by the Task Force to be 0.93 million cunits.

About 11 per cent of the productive forest area is held in fee simple ownership by two pulp and paper companies, Bowater Newfoundland Limited of Corner Brook and Price (Nfld.) Pulp and Paper Limited of Grand Falls. An additional 49 per cent of the productive forest is controlled by these two companies under long-term lease and license. Approximately 37 per cent of the productive area is classified as nonalienated Crown land, and the
remaining 3 per cent is contained in federal and provincial park reserves and small private holdings. The limit areas of the pulp and paper companies contain considerable amounts of non-productive land (bog, low quality forest, barren and water). This accounts for 55 per cent of their combined limit areas.

Forty-two per cent of the gross merchantable volume of 99.498 million cunits is owned by Bowater Newfoundland Limited and 22 per cent is owned by Price (Nfld.) Pulp and Paper Limited. Of the remainder, 33 per cent is classified as nonalienated Crown and 3 per cent is contained mainly within federal and provincial reserved areas. An insignificant amount is located on small private holdings. Of the total volume of approximately 64 million cunits on pulp and paper company holdings, 29 million cunits are classed as overmature, 29 million cunits are mature and 6 million cunits are immature. Of the volume of 33 million cunits on nonalienated Crown land, 10 million cunits are classed as overmature, 17 million are mature and 6 million are contained in immature stands.

**Labrador**

In Labrador productive forest accounts for approximately 13.7 million acres or 19 per cent of the total area. Only about 6.4 million acres are considered to be productive and accessible at the present time. The major forest areas are shown in Figure 3. Total merchant-
FIGURE 3. Major Merchantable Forest Areas in Labrador.

KEY: 
- Major Merchantable Forest Areas

1. Kaipokak Bay
2. Lake Melville
3. Sandwich Bay
4. Alexis Bay

able volume is estimated to be 118 million cunits, but the Task Force estimated that only 33.48 million cunits of this are currently accessible. This volume is located in four major areas as follows:

Alexis Bay 2.97 million cunits
Sandwich Bay 3.56 " "
Lake Melville 25.42 " "
Kaipokok Bay 1.53 " "

About 70 per cent of the total volume is black spruce and 25 per cent is balsam fir. White spruce, tamarack and white birch account for the balance. There are extensive areas of even-aged forest of fire origin as well as uneven aged stands which have largely escaped disturbance. Most trees are of pulpwood size although some larger diameter stems (mainly white spruce) are found on the better sites in river valleys. Except for relatively small scale sporadic operations there has been little harvesting in Labrador until recent years. Between 1973 and 1976 up to 150,000 cunits a year were harvested from the western end of Lake Melville and shipped to a new kraft linerboard mill at Stephenville on the West Coast of the Island. Production stopped when a decision was made to close down the mill. The Task Force estimated the allowable annual cut from the four major accessible forest areas of Labrador to be approximately 435,000 cunits.

Ownership of all forest land and timber in Labrador outside settled areas is now held by the Crown.
Comparison With Other Areas

The total area of the Province of Newfoundland accounts for about 6.6 per cent of the total land area of the 10 provinces of Canada and contains about 3.7 per cent of the area of forest land (Statistics Canada, 1975 and Newfoundland, 1974). Within the Atlantic Region (Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island) the forest resource of the province is of greater significance, accounting for about 46 per cent of the total area of forest land. The merchantable volume on the Island and in the areas of Labrador considered operable by the Task Force, is about 26 per cent of the total merchantable volume for the Atlantic Provinces. Inclusion of volumes on currently inoperable areas of Labrador would increase this proportion to 42 per cent.

The forests of Newfoundland are generally considered to be somewhat less productive than those of the other Atlantic Provinces. As mentioned above, the Task Force calculated a net growth rate for the Island of 21 cubic feet per acre per year and felt that this could be increased to 31 cubic feet through improved management. The Atlantic Development Board (1968) estimated an annual growth rate of approximately 21 cubic feet for Nova Scotia (this seems low) and felt this could be increased to 34 cubic feet through improved management. The Atlantic Development Board (1968) also indicated that a growth rate
of 42.5 cubic feet would be attainable for Prince Edward Island. Tweeddale (1974) stated that the average annual net growth rate for New Brunswick was 36 cubic feet per acre, while the gross rate (including trees which die) was 55 cubic feet. Forest growth in Newfoundland is impeded by the cool climate which gives a shorter growing season (Rowe, 1972) and by poor soil conditions (Atlantic Development Board, 1968).

In Prince Edward Island, Nova Scotia and New Brunswick the percentages of forest land which are classified as privately owned are 94, 72 and 53 respectively (Statistics Canada, 1975). On the Island of Newfoundland only 11 per cent is classified as privately owned, while in Labrador all forest land is in public ownership.

**Forest Industries**

Prior to the present century, forest industries made only a minor contribution to the value of commodity exports. This situation changed dramatically during the early 1900's when, largely as a result of the establishment of the pulp and paper industry, forest products became increasingly important. By the early 1930's, they made up 53 per cent of the value of goods exported (Mackay, 1946). After Confederation in 1949, in a rapidly expanding economy,

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4Unless otherwise noted statistics in this section compiled by the writer from data obtained from the Central Statistical Services office of the Newfoundland Government.
forest industries began to lose their dominant position. In 1950 the net value of forestry production was 42 per cent of the net value of production in commodity producing industries\(^5\) and by 1960 forestry's share had decreased to 27 per cent (Ralph and Munro, 1966). By 1973 it stood at 13 per cent. Due mainly to the adoption of mechanized logging techniques there has also been a decrease in the number of people employed in forestry activities. Between 1951 and 1961 the estimated number of loggers decreased from 9,146 to 5,746 (Ralph and Munro, 1966). By the early 1970's there were approximately 2,000 loggers.

In spite of this, forest-based industries are still an important part of the provincial economy, especially in those regions outside the Avalon Peninsula which have few employment opportunities. The forestry sector (manufacturing and logging) provided direct employment for approximately 6,500 people and paid out $73 million in wages and salaries in 1974. Forest-based manufacturing industries, with gross value of shipments of $201 million, accounted for 28 per cent of the value of all manufacturing shipments in 1974. Average annual wages and salaries paid by forest industries ($12,453) were considerably higher than earnings in non-forestry manufacturing ($7,600).

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\(^5\)Forestry (including logging), fishing, trapping, mining, electric power, manufacturing and construction.
The manufacture of newsprint and linerboard is by far the most important forest-based industry. In 1974 it accounted for 94 per cent of the value of output of all forest industries. Newsprint mills are operated by Price (Nfld.) Pulp and Paper Limited at Grand Falls (capacity 350,000 tons newsprint per year) and Bowater Newfoundland Limited at Corner Brook (capacity 354,000 tons of newsprint per year). A provincial Crown corporation, Labrador Linerboard Limited, owns a kraft linerboard mill (capacity 350,000 tons of linerboard per year) at Stephenville. The linerboard mill was initiated by a private company, Melville Pulp and Paper Limited, which had obtained a government loan guarantee of up to $53 million (Newfoundland, 1968) from the Provincial Government in the 1960's. The agreement with the developer was reviewed in 1972 and the Province took over the project and completed it in 1973. This mill has had a troubled history and in 1977 the Government was forced to close it because of high operating losses. Attempts are being made to sell the mill to private interests.

The sawmill industry in Newfoundland supplies only about one-third of the local demand for lumber, which was estimated to be 100 million board feet in 1971. The Task Force felt there were no technical barriers to the local industry supplying 70 to 80 per cent of provincial requirements (Sheppard and Carroll, 1973.) There are a
are a large number of small mills which operate for short periods during the year. While well over 1,000 mills are licensed annually, up to 200 of these may not operate at all and 90 per cent of licensed mills have an annual production of under 50,000 board feet. The Task Force recommended that attempts be made to increase lumber production by encouraging the establishment of a number of larger (minimum annual capacity of 5 million board feet) sawmills at strategic locations on the Island.

Other wood industries in Newfoundland are of relatively minor importance. For 1974 Statistics Canada reported only 12 establishments in this category which employed about 250 people, paid $1.9 million in wages and salaries and produced goods worth $7.7 million.
PART II
HISTORICAL DEVELOPMENT

CHAPTER III. EARLY DEVELOPMENT OF ATTITUDES TOWARDS USE OF THE COASTAL AND INTERIOR FOREST AREAS

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CHAPTER III

EARLY DEVELOPMENT OF ATTITUDES TOWARDS USE OF THE COASTAL AND INTERIOR FOREST AREAS

Introduction
Vikings settled briefly on the north coast of Newfoundland around 1000 A.D. (Ingstad, 1969) and discovery and occupation by Indian and Eskimo races antedates European colonization attempts (Rogers, 1911). However, for purposes of evaluation of forest policy, the history of Newfoundland can be divided into two main periods. The first, which is by far the longest, extends almost 400 years from the discovery voyage to the East Coast of Canada by John Cabot in 1497, until efforts began to develop the natural resources of the interior of Newfoundland in the late 1800's. The second period covers the relatively few years since interior development started to the present.

Much of the emphasis of this study will be on the latter period. However, during the early historical period, forest exploitation did occur to a limited extent and cultural attitudes and commercial and government practices developed which are still important today.
The Fishery

The early history of Newfoundland centers around the exploitation of one natural resource - fish. The catching, curing and transportation of fish to market was the focal point of all economic activity for almost 400 years. The forest resource was exploited, but only in coastal areas, to supply raw materials in support of those engaged in the fishery.

The Newfoundland fish resource was treated as a common property resource by the fishermen, and merchants who caught and sold the harvest. The industry was highly competitive and characterized by many small production units (ships and crews), subject to limited control, operating over a wide geographic area (Innis, 1940).

By the end of the sixteenth century the English shore fishery was established on the Avalon Peninsula and as far north as Cape Bonavista (Innis, 1940). It was prosecuted from the West Country ports of England by merchants and fishermen who are generally referred to by historians as 'Western Adventurers'. Voyages were made to the Newfoundland fishing grounds in the spring, the fleet fished all summer, and returned to England in the fall.

Control of the shoreline and access to the timber and water that lay behind it were critical requirements of those engaged in the shore fishery. Wood was required for the construction of stages and flakes for drying fish,
for erection of shelters, for fuel and making various tools, small boats and implements. Bark was used to cover drying fish. It was only natural that the forest adjacent to the shoreline would be treated as a common property resource similar to the fishery.

Both in Newfoundland and in New England the Adventurers...insisted upon a 'free fishery', freedom to take fish, choose their own harbours and rooms, freely take and cut wood, and to be under no management but their own and the 'customs' which had evolved in Newfoundland.

The crews went inland to cut timber and obtain bark ('rind') to cover the fish whilst it was drying. Carried out in haste and controlled by none the rinding was wasteful and resulted in destruction of many fine trees.

Extravagant use of wood and careless lighting of fires was already denuding the 'shore line' timber near many harbours.... (Matthews, 1968).

This form of cultural impact has been in process on the coastal forests of Newfoundland since the early 1500's. The areas most severely affected have been the areas that were occupied the longest and with the heaviest concentration of population, i.e. that section of coast from Trepassey on the Southern Avalon Peninsula north to Bonavista.

Except for Government efforts at fire control measures since the beginning of the present century, and more recent attempts at controlling cutting in selected areas, the pattern of use of coastal forest land, established in the 1500's, has continued to the present. Two principles were established and have remained essentially unchanged.
These are:

1) That the coastal forest areas were reserved for the use of those engaged in the inshore fishery.

2) That the coastal forest would be treated as a common property resource, just as fish in the adjacent waters were considered to be a common property resource. Wood was free for the taking and no effective controls would be imposed on those using the resource.

**Early Settlement**

Permanent settlement in Newfoundland was not seriously considered during the 1500's (Chadwick, 1967). European countries were mainly concerned with the waters surrounding the island and with the temporary summer use of the shoreline for staging areas for fishing operations. During the first quarter of the seventeenth century a number of attempts were made by the English to establish permanent colonies (Rogers, 1911). The first was by John Guy of Bristol who secured a charter from King James which gave him title to a large section of coastal land ten leagues (30 miles) deep, from Cape St. Mary's in the South of the Avalon Peninsula to Cape Bonavista, and additional areas between 46 degrees North latitude and 52 degrees North latitude. The Charter granted the company the following (Prowse, 1895):

all the lande soile grounde havens, portes rivers mines as well royall mines of gold and silver as other mineralls pearles and precious stones woods quarries marshes waters fishing hunting hawkings fowleinge commodities and hereditaments whatsoever together with all prerogatives jurisdictions royallties, priviledges franchizes and prehemintes
thereto or thereaboute both by sea and land belonging or appertaininge and which we by "our letters pattente canne graunte and in as ample manner as we or any of our noble progenitora have granted to any adventurers or undertakers of any discoverie plantacon or traffique into any forraigne p'tes and in as ample manner as if the same weere heerein p'ticularlie mentioned.

Nevertheless that there be saved and reserved unto all manner of persons of what nation soever and also to all our loving subjects w'ch doe at this p'nt or hereafter shall trade or voyadge to the partes aforesaid for fishing all liberties powers easements and all other benifitts as well concerning their fishing as well all other circumstances and incidents thereunto in as ample manner as they have heretofore used and enjoyed the same without any impediments disturbance or opposition any thinge in these p'nts to the contrarie notwithstandinge.

Thus while Guy's charter gave him virtual complete ownership of the land and related resources for thirty miles inland, he did not have control of the shoreline, since traditional rights of fishermen were protected. This, of course, carried with it the right of the fishermen to use forest resources close to the shoreline for their fishing operations.

Guy's charter is interesting from the point of view of timber allocation policy because it is probably the first written example of the second branch of the dichotomous forest policy that was later to develop in Newfoundland. While the traditional common property rights of the fishermen are protected on forest areas bordering the coast, extensive private property rights were granted to areas away from the coast, which were not required by the fishermen.
The reservation of the coastal shoreline and adjacent forests from the charter was, no doubt, because of the influence of the West Country merchants and perhaps also to avoid antagonizing the fishing fleets of other nations. On the other hand, very few people were interested in the land and resources of the interior and nobody would be offended by private ownership of extensive inland tracts. The Crown could therefore afford to be generous in granting rights to inland areas.

Guy and other would-be colonizers of the seventeenth century were not successful for a variety of reasons. With the failure of these early formal colonizing attempts, a series of laws or regulations was passed after 1634 which tended to favor the seasonal fishing operations of the West Country merchants and to discourage permanent settlement. These governmental orders and acts were largely ignored by the local inhabitants who chose to stay and were generally not enforceable because of the absence of an effective government agency in Newfoundland (Matthews, 1968). Settlers existed in scattered locations to escape detection and fished side by side with the Western Adventurers (McLintock, 1941).

During this early period there was little basic change in the pattern of use of the forest resource. No doubt as the fishing population gradually increased in the late 1700's and early 1800's, the intensity of use of the
resource increased in coastal areas. There can be little doubt that enlightened forest policies or any resource management policies had no chance to develop in such an environment. The development of such policies could only come after the legalization of settlement and the establishment of government which occurred in the early 1800's.

Establishment of Government

During and after the Napoleonic Wars settlers were attracted in about equal numbers to Newfoundland from Ireland and the west of England. By 1836, the population was 75,000 (Newfoundland, 1970). The present population is largely descended from these immigrants.

St. John's developed into the largest town in the Island. By 1815 it was becoming a centre of agitation for reform in government. The settlers had few of the normal rights of British Colonists. The administration of justice was hopelessly corrupt and chaotic (Noel, 1971). A political reform movement developed and was eventually successful in getting a bill passed in the British House of Commons which gave representative government to Newfoundland in 1832. It gave the Island a system of government similar to that which Nova Scotia had enjoyed since 1758 (Noel, 1971).

The constitution of 1832 provided for a Governor and a Legislative Council to be appointed by the Crown and
an Assembly of fifteen representatives to be elected by the people. The Constitution proved unworkable and in 1855 a new constitution was devised under which the Island became self-governing and was placed legally on an equal footing with other British Colonies of North America (Noel, 1971).

The new constitution provided for a governor to be appointed by the Crown and a legislature which consisted of a Legislative Council and an Assembly, with executive power residing in an Executive Council which was responsible to the Assembly. The Executive Council could hold office only as long as it could obtain the support of a majority in the Assembly. The members of the Assembly were elected upon a household franchise while Members of the Legislative Council were appointed for life (Noel, 1971).

In the Legislature was vested the power of making laws, jurisdiction over the public debt and property, the power of taxation and of raising loans upon the colony's credit, and the conduct of all public services (Noel, 1971).

Noel (1971) has described the unique political system which developed in Newfoundland in the late 19th century. The population was scattered in hundreds of small isolated communities around the coast. There was no local government and a highly centralized form of administration evolved in which power was concentrated in the House of Assembly and the Cabinet. In this situation the unit of administration was the electoral district and the individual member of the House of Assembly had considerable power,
since he was one of the few links between the people of the district and the government officials and agencies in St. John's.

The political system served to maintain the status-quo with respect to traditional rights of fishermen to unrestricted use of the coastal forests. Any restrictions on these rights would likely be opposed by the people of the district who would quickly make their opposition known to their member of the House of Assembly. The member, (likely a lawyer or fish merchant himself), would not go against the wishes of the electorate on such matters of widespread interest and concern, because to do so would be political suicide. These traditional rights eventually became established in the legislation of the colony.

The dispersed nature of the population and the concentration of political and economic power in the ruling class in St. John's in the 1800's, had certain implications for timber allocation policy. While the people in rural areas proved to be sensitive to restrictions to their cutting rights to the coastal forest, they did not object to alienations of interior forest areas for industrial purposes. Such development was generally regarded with favor because of expected employment benefits.
CHAPTER IV

TIMBER ALLOCATION

Newfoundland lagged far behind the other British Colonies of Eastern North America in the development of inland forest resources. Lower (1973) described in detail the timber trade that flourished between the colonies (mainly New Brunswick, Quebec and Ontario) and Britain between 1763 and 1867 but noted that Newfoundland was not involved. Initially (except for the Broad Arrow regulation which was not enforced) timber on Crown land in the mainland colonies was free for the taking, but by 1826 regulations were introduced which required the collection of dues on timber floated down rivers. In 1827 a Surveyor General of Woods and Forests was appointed in Upper Canada and a system of timber licenses was established which formed the basis of the present licensing system in Ontario and Quebec. It is possible that the first timber licenses which were issued in Newfoundland in the late 1800's were patterned after the licenses that were in widespread use in Canada by that time.
**Development Policy**

By the mid-nineteenth century it was apparent to the Government of Newfoundland that efforts should be made to diversify the economy and decrease dependence of practically the entire population on the fishery by promoting the development of natural resources that were believed to exist in the interior.

Between 1836 and 1869, the population had risen from 75,000 to 147,000 (Newfoundland, 1970). The annual fishery catch had not increased to the same extent. Per capita returns were decreasing and catch failures in the 1860's caused welfare payments to increase until at one time a third of the revenue of government was required for this purpose (Cramm, 1961). The idea of building a railway to make resources of the interior accessible began to be seriously discussed. In 1868 the House of Assembly considered the idea and a resolution was adopted that stated:

In the event of a bona fide Company being organized... to the satisfaction of the government of this colony ... the said Company will be entitled to receive grants in fee of the land on which this said line of Railway is to be built, and also grants to the extent of five miles on each side of said line, together with the timber and minerals that may be found on or in the same (Newfoundland, 1869).

The idea of a railway received a further boost when Sanford Flemming published a paper which advocated the construction of a railway across Newfoundland as part of a trans-Atlantic travel route between England and America (Cramm, 1961). Another factor which aroused public interest
in railway construction was the discovery of mineral deposits. In 1864 the Government retained the services of a geologist, Alexander Murray, to carry out mineral surveys. Murray's reports indicated the presence of minerals in various parts of the interior and led to a feeling of optimism throughout Newfoundland concerning natural resource potential (Cramm, 1961). Murray also reported favorably on the forest resources and on the potential of various areas for agriculture and permanent settlement (Murray, 1877).

The policy adopted by the government was to encourage economic development of interior forest resources by allocating public lands to private developers. In pursuing this policy three forms of conveyance of property rights were used. The two main forms of conveyance were the freehold grants issued to encourage railway construction and operation and timber licenses issued under the Crown Lands Acts. In one instance a perpetual lease was issued under a special Act to encourage the construction of a newsprint mill at Grand Falls in Central Newfoundland. The three forms of timber ownership are discussed briefly in the following section.

**Nature of Timber Ownership Documents**

**Freehold Grants**

Freehold ownership, or fee simple ownership, is the most complete form of land tenure possible under British
law and custom. It implies ownership of the land as well as the resources in, on, or over the land. The Maxim is: "he who owns the soil owns everything up to the heavens and down to hell" (Megarry, 1947). The owner has the right to transfer to another all or part of his interest in the land.

The rights of fee simple land holders have been modified in recent times. The wording of land grants may reserve ownership of certain minerals or water rights to the state. Zoning regulations and tax laws can significantly influence the land use decisions of the owner. However, the rights of the owner can still be quite substantial.

Freehold grants to extensive areas were made by the Government in aid of railway construction. The most complete form of fee simple ownership was granted as the following extract from one of the deeds illustrates:

Now know ye, that in consideration of the premises and in part fulfilment of the covenants on the part of the Government of Newfoundland in the said Agreements contained, and under and by virtue of the said Acts of the Legislature of Newfoundland, We do hereby grant, convey and assure unto the said Reid Newfoundland Company and its assigns, all and singular those certain parcels of land and premises set out in the Schedule hereto attached, ... together with all and singular the woods, ways, water courses, mines, ores, and minerals of every kind, including precious metals, and all easements, profits and appurtenances whatsoever to the said parcels of tracts of land and premises or any of them belonging or in any-wise appertaining, or which can be therewith used or enjoyed, and taken as part or parcel thereof, or as belonging thereto or to any part thereof, and the
reversion or reversions, the remainder and remainders, rents, assigns, revenues and profits thereof, and every part thereof, and all of Our estate, right, title, interest, trust, claim, property and demand, both in law and equity, of, in to or out of the said land and premises and every part thereof: To have and to hold the same unto and to the said Reid Newfoundland Company and its assigns to their own use forever (Appendix 3).

In these grants, timber ownership was only one of the total bundle of rights that was conveyed to the owner. The owner and his heirs and assigns had the right to transfer ownership of part or all of their bundle of rights to others, and this right was exercised in many cases. The timber supply areas of two present day pulp and paper mills at Grand Falls and Corner Brook contain areas of freehold lands which were originally granted for railway construction.

In deciding to pay for railway construction through grants of land the Newfoundland Government was following a well established precedent. Earlier in the century this practice had been adopted by the United States Congress to encourage the development of the American West. In 1880 the Canadian Government signed a contract with the Canadian Pacific Railway under which 2000 miles of railway were to be constructed to the Pacific Coast (Hedges, 1934). Under this contract the company was to receive a cash subsidy of $25 million plus 25 million acres of land. The land payment amounted to 12,500 acres per mile of line constructed which was 2.5 times the amount granted under the first Newfoundland railway contract.
In all, the Reid family interests which completed construction of the railway across Newfoundland in 1897, acquired 151 fee simple lots with a total area of 3,997 square miles, as a result of various railway agreements with the Newfoundland Government (Kennedy, 1955). Most of these 'Reid Lots' were designated by numbers from 3 to 247, and were commonly referred to by these numbers. The lots included some choice timber lands located adjacent to the railway in Central and Western Newfoundland. They were granted between 1896 and 1912 and ranged in size from several hundred acres to 100 square miles (Newfoundland Forest Service, 1964).

Many of the Reid Lots contained forest land within three miles of the coast. In 1904, legislation was passed which had the effect of making this timber available to fishermen for domestic wood supplies (Newfoundland, 1904). Cutting rights to approximately 649 square miles were surrendered by the Reid Newfoundland Company which was formed in 1901 by R.G. Reid to operate the railway and his other enterprises. As part compensation for this, the Government agreed to issue a 99-year, 324 square-mile renewable timber lease free from rental or royalty charges. The lease was never issued and the Government was later relieved of this obligation under a 1923 agreement which settled a dispute between the Reid Newfoundland Company and the Government concerning the operation of the railway (Newfoundland, 1923).
The Reid interests were rather unique in Newfoundland in that they were the only ones to receive such large scale fee simple grants of forest land. Most other allocations of timber lands by government were made in the form of long term leases and licenses. The location of the Reid lands is shown on Map 1, Appendix 7. A copy of a Reid Grant is contained in Appendix 3.

The only other significant freehold grants of land were made to The New York, Newfoundland and London Telegraph Company which was incorporated in 1854 (Newfoundland, 1854). Under the provisions of the Act of incorporation the Company was entitled to receive fee simple land grants for up to 100 square miles of unoccupied Crown Lands. Between 1857 and 1889, 17 areas were granted in various parts of the Island for a total of 97.1 square miles (Newfoundland Forest Service, 1964). The location of these areas is shown on Map 1, Appendix 7.

Timber Lease

Like a freehold grant, a lease usually gives exclusive possession of the land. The main distinction between leasehold and freehold is that a leasehold is for a limited period of time and is subject to whatever terms, conditions and charges are specified in the lease. A freehold owner can lease all or part of his interest to a piece of land to another party. Thus leasehold rights can be considerably less than freehold rights, depending
on the terms of the lease. The lessee normally has the right to assign (sub-lease) all or some of the rights granted to him by the original lessor (Megarry, 1947).

On June 5th, 1905 the Newfoundland Legislature passed an Act which led to the establishment of a pulp and paper mill at Grand Falls in Central Newfoundland (Newfoundland, 1905). A lease was granted to the Anglo-Newfoundland Development Company to approximately 2,000 square miles of land in the upper part of the Exploits River Watershed around Red Indian Lake and Victoria Lake.

Section 1 of the Schedule to the Act reads in part as follows:

1. The Government hereby demises to the Lessee all and singular the lands, and lands covered by water, situate in the districts adjoining Red Indian and Victoria Lakes in the Island of Newfoundland . . . together with, by way of grant, sale or demise, and not of exception, all timber and trees being on the said lands, and also all mines and minerals therein and thereunder; to hold all the said premises hereinbefore expressed to be hereby granted and demised unto the Lessee for the term of ninety-nine years, computed from the day of the date hereof at the rents and royalties hereinafter reserved.

The lessee was required to carry out a survey of the area. An annual rent of $2.00 per square mile was to be paid, but swamp and barren lands were exempt from payment. The lessee enjoyed water rights and the right to dam or divert watercourses for logging operations was also granted. Public rights of access for fishing and hunting were protected. Also the public had the right to
use the waterways of the leased areas for floating logs to mills, on payment of a fee to the lessee.

The forestry terms of the lease can be summarized as follows:

1) the lessee was given the right to harvest all kinds of timber on the area,
2) a royalty of $0.50 per thousand board feet was payable on any lumber manufactured,
3) there was no royalty or stumpage charge for pulpwood,
4) the lessee was required to utilize all timber harvested,
5) the lessee was responsible for forest protection,
6) the lessee was to make annual returns to government on timber harvested,
7) the lessee was to obtain government permission before exporting unprocessed wood.

The lease was conventional in the sense that it gave the lessee rights to the land and to specified timber, water and mineral resources. However, the lessee did not have exclusive possession of the land. The lessee did have exclusive right to occupy the land for the purpose of harvesting timber, extracting minerals and specified water power rights.
Although the period is 99 years, the schedule to the Act contains a renewal clause which gives virtually perpetual tenure to the property if the lessee chooses to exercise this right. At the expiry of each successive 99-year period, the lessee can have the lease renewed under the same terms and conditions. Thus the lessee's rights can extend for an infinite period of time. While the lease is renewable, the terms and conditions are fixed, so there is no provision in the Act for renegotiation of rental, royalty, or stumpage charges. This was the only large-scale timber lease of this nature issued by the Newfoundland Government.

The location of this lease is shown on Map 1 in Appendix 7.

Timber Licenses

There are various kinds of licenses defined in legal terms. Timber licenses seem to fit the definition of a "license coupled with an interest" which has been defined, in part, as follows:

License coupled with an interest. A license may be coupled with some interest in the land or chattels thereon. Thus the right to enter another man's land to hunt and take away the deer killed, or to enter and cut down a tree and take it away, involves two things, namely, a license to enter the land and the grant of an interest in the deer or tree. At common law such a license was both irrevocable and assignable. But the interest had to be a legal interest, such as a legal profit... or the ownership of timber lying on the land or to be cut forthwith... (Megarry, 1947).

Newfoundland timber licenses appear to fit this definition. The benefits conferred by these licenses
could be assigned and the license did give exclusive possession of the timber (with reservations for public use) for the purposes stated. However, in a decision on a legal dispute involving a timber license on the Gander River watershed in 1904, the Privy Council concluded that Newfoundland timber licenses were really leases (Davey, 1904). Thus, although the documents were commonly called timber licenses, they were not licenses in the true legal sense. The term timber license will be retained for the purposes of this study to distinguish these documents from the perpetual lease issued to the Anglo-Newfoundland Development Company.

Most alienation of public timber rights to private owners in Newfoundland was accomplished through legal documents which were known as timber licenses. With few exceptions they were issued for varying periods of 21, 50 or 99 years, and were not renewable at the option of the licensee. The land rental charge was usually $2.00 per square mile. There was also a royalty charge for wood harvested and processed into lumber but there was no charge on wood harvested for processing in a pulp or paper mill. Public rights to cut timber for domestic needs and for the fishery were protected. The public was also allowed to make use of roads and travel over the grounds of the licensed area.
In Table I a summary of the total area alienated on the Island and in Labrador is given. From the table it can be seen that 89 per cent of the area was disposed of through the issuance of timber licenses.

TABLE I
SUMMARY OF ALIENATIONS, ISLAND AND LABRADOR, 1897-1946

<table>
<thead>
<tr>
<th>Type of Ownership</th>
<th>Area (square miles)</th>
<th>Per cent of Total Area Alienated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold</td>
<td>4,094</td>
<td>7</td>
</tr>
<tr>
<td>Leasehold</td>
<td>2,000</td>
<td>4</td>
</tr>
<tr>
<td>License</td>
<td>49,436</td>
<td>89</td>
</tr>
<tr>
<td>Totals</td>
<td>55,530</td>
<td>100</td>
</tr>
</tbody>
</table>


Timber License Legislation

The development of timber license legislation in Newfoundland is outlined in detail in Appendix 1 and only a brief summary is included here. Appendix 2 contains a tabular chronological summary of the main terms and conditions of the Crown Lands Acts.

The first large-scale licenses were authorized for the provision of wood supply areas to sawmills in the Crown Lands Act of 1875 (Newfoundland, 1875). Areas of up to 36 square miles could be licensed on an annual
renewable basis. In 1884 the issue of 21-year licenses for sawmills was authorized (Newfoundland, 1884). The licensee was required to erect a sawmill of specified capacity, pay an annual rental of $2.00 per square mile plus a bonus and a royalty charge.

The first provision for the issue of licenses for pulp mills was made in the Crown Lands Act of 1890 (Newfoundland, 1890). Licenses of from 5 to 150 square miles could be issued for 99 years on the condition that certain capital expenditures would be made on plant and equipment. Rental charges were payable on the 1st, 25th, 50th and 75th years. There was no royalty charge specified. This schedule of charges was changed in 1899 when a bonus of $5.00 per square mile was set and an annual rental charge of $3.00 per square mile established for the balance of the license period (Newfoundland, 1899).

In 1901 the period for sawmill licenses was increased to 50 years and royalty charges were set at $0.50 per 1000 board feet for production of mills on the Island and $0.25 per 1000 board feet for production of mills in Labrador (Newfoundland, 1901).

The practice of issuing separate licenses for sawmills and pulp and paper mills was cumbersome because wood harvested under a sawmill license could not be used in a pulp mill and vice versa. In 1911 a general purpose 99 year license was introduced which could be used for
either kind of mill (Newfoundland, 1911). The annual land rental charge was $2.00 per square mile. The royalty charge of $0.50 per 1000 board feet was payable on the production of sawmills on the Island ($0.25 for mills in Labrador) but there was still no royalty charge on wood processed in pulp mills. The maximum area that could be licensed for sawmills was 10 square miles per 1000 board feet of installed daily capacity. The capacity requirement for pulp mills was to be set by the Governor in Council.

During the period from 1899 to 1911 there was a general relaxation of the terms and conditions under which timber licenses were issued and administered. The period of licenses became longer, the areas which could be licensed became larger and other performance requirements concerning the establishment of survey lines and erection of sawmills or pulp mills were relaxed. Some conditions that were earlier specified in the legislation were left up to the Governor in Council to determine.

The Crown Lands Act of 1911 was the basic legislation under which most of the forest areas of the Island and Labrador were allocated. Licenses which had been issued earlier could be exchanged for new licenses under the terms of the 1911 legislation which were generally more favorable to the licensee.

There were minor amendments to the Crown Lands Act in 1918 (Newfoundland, 1918) and the section of the Act dealing with timber licenses was revised in 1930.
(Newfoundland, 1930). However, by this time practically all the timber licenses had been issued and no licenses were issued under the 1930 legislation.

**Government Administration of the Timber License Legislation**

The early 1900's, when most of the timber licenses were being issued, were years of political ferment in Newfoundland. The Liberal Government of Sir Robert Bond was replaced by the Conservative People's Party of Edward Morris in 1909 (Noel, 1971). Noel has described the changes that were taking place.

In some respects the change from the government of Robert Bond to that of Edward Morris may be viewed as a reflection of certain underlying socioeconomic developments, for the party of the latter was preponderantly a party of 'new men' of whom Morris himself was the archetype. They were drawn not from the ranks of the old merchant Tory party, but rather from a new class of self-made men: outport merchants who had profited from the railway boom of the nineties and the generally prosperous fishery after the turn of the century; newly established lawyers whose practices owed nothing to family connection with the St. John's merchant elite; and a new breed of small businessmen, unusual in that their activities were not directly related to the fishery. They were characteristically tough-minded, able, and more than a little ruthless. They were also ambitious, and, as always in Newfoundland (where business alone provided none of the outlets for talent that it did in the United States or Canada), 'ambition' turned into 'political ambition'.

Political change and economic development were intimately associated with development of forest resources of the interior:
By 1905 the railway, and the sawmills that followed it into the western interior, had already quickened the interest of timber speculators; by October 1909, when newsprint production began at Grand Falls, the greatest speculative boom in the Island's history was in full swing.

This coincided with the accession to power of Sir Edward Morris and his party, with consequences that can only be described as spectacular. Newfoundland governments had rarely, if ever, been paragons of financial probity, but by 1909 there were opportunities for corruption on a scale hitherto undreamed of. And the 'new men' were not the sort to let opportunities slip (Noel, 1971).

The Crown Lands Acts of 1901 and 1903 contained two main provisions which acted as a deterrent to those acquiring timber rights purely for the purposes of speculation. One of these clauses was the requirement that 3-foot-wide boundary lines be cut around licensed areas within one year of the date of approval of the license. While this provision does not appear to have been too serious a deterrent to applicants for accessible parts of the Island, it apparently acted as a serious hindrance to the activities of timber speculators in Labrador (Noel, 1971). The other provision, which was even more burdensome than the boundary line clause, was the requirement for the licensee to erect and operate a sawmill or other wood processing plant within a specified period from the effective date of the license.

The requirement to establish proper survey lines around licensed areas was dropped by the Morris administration in 1911. But while the Government changed the
Crown Lands Act to ease the requirement for licensees to cut proper boundary lines, it adopted a different approach concerning the requirement for the licensee to erect a processing plant. The Prime Minister, in a letter to the Governor, indicated that the practice of the Department of Agriculture and Mines ("... a practice sanctioned and approved by past Governments and by Ministers of Agriculture and Mines who have been members of past governments ...") was simply to ignore the provisions of the Act which required the erection of a sawmill within a specified time period (Morris, 1912).

Under the Government licensing system, applications were approved for extensive forest areas which were worthless from the point of view of timber production. For three years, 1909-1911, license applications approved for Labrador totalled approximately 151,000 square miles or 1.4 times the present total area of the territory. However, only a portion of this area was subsequently licensed. Old government maps drawn up during the period show large areas allocated to the Anglo-American Development Company and others well north and west of what is now known to be the productive forest area of Labrador. Other maps (see Map 2, Appendix 7) show the areas licensed by the Anglo-American Development Company to be greatly reduced in size, presumably after ground surveys revealed the limited timber stands on these areas.
Even those interested in short term speculative gains had to pay the cash bonus of $2 per square mile on the whole area applied for and a further $2 per square mile rental; or $4 per square mile within 30 days of the approval of their application. For example, the Anglo-American Development Company paid $55,412 for the bonus and first year's rent on 13,853 square miles in Labrador (Morison, 1912). An additional $27,706 was paid on December 10, 1910 for extension time for completion of the required survey. The survey results were not very encouraging:

...I regret to say that the Northern areas taken by the company and of which the survey has been completed have been found to be devoid of timber and absolutely worthless and that the large amounts paid by the Company for rental and survey have been wholly lost.

It is a regrettable fact that up to date there has not been a single timber property developed in Labrador. Many thousands of miles have been applied for but in the majority of cases they have reverted to the Crown for nonpayment of rent. Mr. Alfred Dickie, an experienced lumberman of Nova Scotia, is the only person who erected and operated a sawmill in Labrador and his experience was so disastrous that he was obliged to abandon the venture after two season's operations and after having suffered very heavy losses (Morison, 1912).

Thus, government administration of the timber license legislation could best be described as expedient. The main objective was to encourage development. When the legislation was perceived to be retarding development the
offending clauses were changed or ignored. The practices adopted certainly facilitated the wholesale allocation of the interior forest areas of both the Island and Labrador. While speculation was encouraged, it was risky, and substantial sums of money could be lost, especially by those who took out timber licenses in Labrador.

Areas Allocated Through Timber Licenses

In order to establish the historical record on the sequence of development efforts that occurred and the conditions under which the final timber ownership pattern evolved, it was necessary to determine the manner in which the initial timber allocations were made. Since this had never been done, a considerable amount of research into government records was necessary. This section briefly outlines the method used and the results obtained.

The license documents themselves contained a number of main parts. First there was a preamble which contained the Greeting, the name of the applicant and the legislative authority under which the license was being issued. Next came a legal description of the area, followed by a list of terms and conditions which the licensee was required to perform. Each license usually contained two dates. One was the date of issue, or the date on which the Colonial Secretary signed the prepared document. The second was the 'effective date' of the license, which was sometimes different from the date of issue. The effective date was
the date from which the term of the license was calculated. A copy of a license is contained in Appendix 4.

It was somewhat difficult to ascertain in complete detail all that transpired within Government concerning the issuing of timber licenses. First, some records of early licenses were probably lost in a fire that destroyed much of St. John's in 1892 (Titford, 1975). Also, a number of Government records, including some files of the Department of Agriculture and Mines are missing. However, most of the records of the Crown Lands Registry have been preserved and these include 10 bound volumes containing copies of timber licenses issued since 1887 for the Island and Labrador. Some licenses were issued prior to 1887 but copies of these documents could not be found by the writer. Sometimes maps contained in license documents show other fee simple grants or license lots for reference purposes. The maps in some early licenses show allocations for which license documents could not be located. The maps indicate that these areas were not extensive and there were probably not a great number of them, because prior to the 1890's the railway had not penetrated the interior of the Island.

In compiling the statistics on timber licenses for the tables and charts which follow, reliance was placed on the information contained in the Register of Timber Licenses in the Crown Lands Registry. A number of
tabulations of information contained in timber licenses were found, but for various reasons (mainly because a complete chronological tabulation of licenses issued was required) these did not meet the requirements of this thesis. A new listing was prepared by the writer which involved the following steps:

1) A list was made of all the licenses contained in each Volume of Timber Licenses. The information in each License was summarized under appropriate headings such as:

- effective date of license
- volume and folio number of license
- date of issue
- name and address of licensee
- area of license
- general location
- terms of license including
  - duration
  - bonus
  - rental
  - royalty charge
- number of lots involved
- performance requirements concerning erection of sawmill or pulp mill
- any unusual terms or conditions
2) From the above, chronological summaries of licenses by effective date of license were prepared for the Island and for Labrador.

3) For comparative purposes separate summaries of areas licensed by date of issue were also prepared. Although the same trends in areas licensed over time were apparent as in (2) it was decided to use the data summarized by date of issue since this might more accurately reflect the policy of government at the time.

4) By reference to (2), maps accompanying individual licenses and an Index to Timber Licenses obtained from the Crown Lands Registry, it was possible to determine which licenses or parts of licenses were for areas which had not been previously licensed (net areas) and which licenses were simply reallocations of formerly alienated areas.

5) Tabulations were then prepared showing for the Island and Labrador, the number of licenses issued, the amount of new area (net) licensed each year by type of license and the areas relicensed (reissue).
This information is summarized in Tables II-IV and Figures 4 and 5.

The first recorded license was issued in 1887 and licensing activity ceased in 1944. The numbers of timber licenses issued during this period are summarized in Table II. As the table shows there were 386 licenses

TABLE II
NUMBER OF TIMBER LICENSES ISSUED
BY PERIOD AND TYPE OF LICENSE

<table>
<thead>
<tr>
<th>Period</th>
<th>Island</th>
<th>Labrador</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21 50 99 Total</td>
<td>20 21 50 99 Total</td>
<td></td>
</tr>
<tr>
<td>1887-90</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>1891-95</td>
<td>3 1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>1896-1900</td>
<td>25 3 28</td>
<td>3 1 4</td>
<td>32</td>
</tr>
<tr>
<td>1901-05</td>
<td>3 45 14 62</td>
<td>9 1 10</td>
<td>72</td>
</tr>
<tr>
<td>1906-10</td>
<td>77 31 108</td>
<td>13 2 15</td>
<td>122</td>
</tr>
<tr>
<td>1911-15</td>
<td>16 85 101</td>
<td>14 39 53</td>
<td>154</td>
</tr>
<tr>
<td>1916-20</td>
<td>21 21</td>
<td>8</td>
<td>8 29</td>
</tr>
<tr>
<td>1921-25</td>
<td>26 26</td>
<td>3</td>
<td>3 29</td>
</tr>
<tr>
<td>1926-30</td>
<td>22 22</td>
<td>1</td>
<td>1 23</td>
</tr>
<tr>
<td>1931-35</td>
<td>2 2 4</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>1935-46</td>
<td>2 2 3</td>
<td></td>
<td>3 5</td>
</tr>
<tr>
<td>Totals</td>
<td>39 140 207</td>
<td>386 3 36 55</td>
<td>97 483</td>
</tr>
</tbody>
</table>

SOURCE: Compiled by the writer from records in the Crown Lands Registry.
issued for the Island and 97 for Labrador. Three main types of licenses were issued: 21-and 50-year sawmill licenses, and 99-year licenses which were initially only issued for pulp and paper mills but which after 1911 were issued as general purpose licenses for both kinds of processing plant. An exception to the normal license term is found in three 20-year licenses for Labrador which were issued under the provisions of the Labrador (Small Concessions) Act rather than under the Crown Lands Act (Newfoundland, 1936). These were all for a single 61-square mile area which was originally licensed in 1938 to an individual and was re-licensed in the name of his company in 1939. The second World War interfered with plans for development and the area was licensed to the same interests again in 1946. The license was cancelled in 1950 for non-performance of terms and conditions (Kennedy, 1955).

Many of the licenses issued were for areas or parts of areas which had been previously licensed. Sometimes original licenses were allowed to lapse. Often, when a license was transferred, the new owner would apply for a new license, in his or his company's name, to the same area.

The extent of re-issuing of licenses to the same area is shown in Tables III and IV. Table III summarizes areas licensed on the Island for periods between 1887 and
### TABLE III

**AREAS LICENSED ON ISLAND BY KIND OF LICENSE**

(Areas in Square Miles)

<table>
<thead>
<tr>
<th>Period</th>
<th>Gross area</th>
<th></th>
<th>Net area</th>
<th>Cumulative net area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21 yr.</td>
<td>50 yr.</td>
<td>99 yr.</td>
<td>Total</td>
</tr>
<tr>
<td>1887-90</td>
<td>540</td>
<td>540</td>
<td>540</td>
<td>540</td>
</tr>
<tr>
<td>1891-95</td>
<td>348</td>
<td>130</td>
<td>478</td>
<td>448</td>
</tr>
<tr>
<td>1896-1900</td>
<td>1199</td>
<td>173</td>
<td>1372</td>
<td>72</td>
</tr>
<tr>
<td>1901-05</td>
<td>120</td>
<td>4201</td>
<td>5633</td>
<td>320</td>
</tr>
<tr>
<td>1906-10</td>
<td>7679</td>
<td>4442</td>
<td>12,121</td>
<td>1402</td>
</tr>
<tr>
<td>1911-15</td>
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<td>3600</td>
<td>3600</td>
<td>3284</td>
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<tr>
<td>1921-25</td>
<td>5290</td>
<td>5290</td>
<td>5290</td>
<td>5154</td>
</tr>
<tr>
<td>1926-30</td>
<td>4093</td>
<td>4093</td>
<td>4093</td>
<td>3693</td>
</tr>
<tr>
<td>1931-35</td>
<td>109</td>
<td>294</td>
<td>403</td>
<td>58</td>
</tr>
<tr>
<td>1936-44</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>38</td>
</tr>
<tr>
<td>Totals</td>
<td>2207</td>
<td>13,303</td>
<td>35,368</td>
<td>50,878</td>
</tr>
</tbody>
</table>

**SOURCE:** Compiled by the writer from records in the Crown Lands Registry.
<table>
<thead>
<tr>
<th>Period</th>
<th>Gross area</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20 yr.</td>
<td>21 yr.</td>
<td>50 yr.</td>
<td>99 yr.</td>
<td>Total</td>
<td>20 yr.</td>
<td>50 yr.</td>
<td>99 yr.</td>
</tr>
<tr>
<td>1897-1900</td>
<td>500</td>
<td></td>
<td>197</td>
<td></td>
<td>697</td>
<td>20</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>1901-05</td>
<td></td>
<td>698</td>
<td>150</td>
<td></td>
<td>848</td>
<td>237</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>1906-10</td>
<td>7,584</td>
<td>6,475</td>
<td></td>
<td>14,059</td>
<td>188</td>
<td>512</td>
<td></td>
<td>700</td>
</tr>
<tr>
<td>1911-15</td>
<td>6,230</td>
<td>35,368</td>
<td></td>
<td>41,598</td>
<td>135</td>
<td>26,812</td>
<td>26,947</td>
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<tr>
<td>1916-20</td>
<td></td>
<td>6,794</td>
<td>6,794</td>
<td></td>
<td>13,588</td>
<td>6,634</td>
<td>6,634</td>
<td></td>
</tr>
<tr>
<td>1921-25</td>
<td>4,044</td>
<td>4,044</td>
<td></td>
<td></td>
<td>8,088</td>
<td>3,984</td>
<td>3,984</td>
<td></td>
</tr>
<tr>
<td>1926-30</td>
<td>1,550</td>
<td>1,550</td>
<td></td>
<td></td>
<td>3,100</td>
<td>1,550</td>
<td>1,550</td>
<td></td>
</tr>
<tr>
<td>1931-35</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1936-46</td>
<td>183</td>
<td></td>
<td>183</td>
<td></td>
<td>366</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>183</td>
<td>500</td>
<td>14,512</td>
<td>54,578</td>
<td>69,773</td>
<td>122</td>
<td>560</td>
<td>39,662</td>
</tr>
</tbody>
</table>

SOURCE: Compiled by the writer from records in the Crown Lands Registry.
1944. As can be seen, licenses were issued for a total gross area of 50,878 square miles but there was much duplication (re-issue) and the actual net area licensed on the ground amounted to only 20,007 square miles. Similarly (Table IV) in Labrador licenses were issued for a gross area of 69,773 square miles but 40,344 square miles of this was 're-issue' and the net area licensed was only 29,429 square miles.

A somewhat different summary of net areas licensed for the Island is contained in Figure 4, which shows the number of square miles licensed annually, by type of license. The transition from the initial use of 21-year licenses to 50- and 99-year licenses is readily apparent from this chart. Most of the area of the Island was licensed in a comparatively short period - between 1900 and 1915. After 1915 only a small amount of previously unalienated area was available for licensing. The total net area licensed on the Island by 1944 was 20,007 square miles and by 1915, licenses had been issued for 19,086 square miles or 95 per cent of the net area licensed.

Events in Labrador followed a pattern similar to that on the Island. As Figure 5 shows, there was a modest amount of licensing activity up to 1909, with a dramatic increase in 1910 when almost 12,000 square miles were licensed. In the three years 1910-1912 licenses were
Figure 4.— Net areas licensed — Island

SOURCE: Data compiled by the writer from records at the Crown Lands Registry.
Figure 5.—Net areas licensed — Labrador

SOURCE: Data compiled by writer from records at the Crown Lands Registry.
issued for a net area of 25,757 square miles or 88 per cent of the total net area licensed. As the chart shows, after 1919 practically all licensing of new areas had ceased.

The Three-Mile Limit

During the period of greatest licensing activity, from 1901 to 1920, a strict policy of not issuing timber licenses on the Island for areas within three miles of the coast was followed. There was no statutory requirement for this but experience had indicated that it was a prudent practice for Government to follow. As already mentioned, in 1904 it was found necessary to cancel cutting rights to all Reid lands within three miles of the coast because the wood was required for the rural fishing population. The policy of not issuing licenses within three miles of the coast was maintained until the 1920's, when all the interior forest lands had been allocated, and pressure began to build for licenses to be issued on parts of the three-mile limit with low population density.

In 1924 a license for 29 square miles was issued to a section of the three-mile limit at Orange Bay on the Great Northern Peninsula. A year later a 16.5 square-mile section of coastal forest land was licensed at the southern end of White Bay. During 1927 and 1928 licenses were issued for 65 square miles at Bay of Islands on the West Coast and for 182 square miles on the Baie Verte Peninsula. This practice would have continued but for the strong protests
which were made to the Government at St. John's by small sawmill operators and others whose wood supplies were affected (Walsh, 1928). Although the licenses which had been issued were not cancelled, the practice was halted and a clause was included in the Crown Lands Act of 1930 which expressly prohibited the issue of licenses anywhere in the Colony within three miles of tidal water.

The term 'three mile limit' is somewhat of a misnomer because, as commonly used, it often refers to practically all nonalienated forest land on the Island of Newfoundland, including areas that are considerably more than three miles from the coast. The forest resource contained within the 'three mile limit' is thus roughly equivalent to the 3.5 million acres of productive forest and 33 million cunits that are contained on nonalienated crown land on the Island (Chapter 2). Thus the coastal forest, or three-mile limit, is an important portion of the provincial forest resource.

The practice of reserving a three-mile coastal strip from licensing was not followed in Labrador and there appear to have been few, if any, objections from the local residents. This is probably due to the fact that the Labrador coast was sparsely settled and communications were poor so that the people may have been unaware of the extent of licensing activity. Also, although a large number of licenses were issued, there was no development and therefore
no interference with the cutting operations of small sawmill operators and fishermen.

Summary

Although, by the early 1900's seemingly adequate legislation for the disposal of timber had been developed, the system of government administration operated to frustrate some key provisions of the Crown Lands Act. In addition to a general relaxation in the legislation itself, the Government simply adopted a policy of nonenforcement of certain performance clauses, particularly those relating to the mandatory construction and operation of processing plants within specified periods. As a consequence, the original intent of timber disposal legislation, to allocate the resource to genuine developers, who would construct processing plants, was negated. Licenses which should have reverted to the Crown for nonfulfilment of terms and conditions were held by licensees for purely speculative purposes. Some of the speculators held high Government office (Noel, 1971). The bulk of the timber lands on the Island and in Labrador were disposed of within a period of a few years.

The dispersion of timber ownership is summarized for the Island on Map 1, Appendix 7, which is a reproduction of a 1914 Crown Lands map showing the location of Telegraph Company lands, the Reid lands, the Anglo-Newfoundland
Development Company Lease area and the timber licenses which had been issued up to that time. Map 2, Appendix 7, is a reproduction of a map of Labrador showing licenses which were in good standing in 1923.

For the Island the major alienations (26,101 square miles) of forest land that took place are summarized in Table V. The total area of the Island including water has recently been estimated at approximately 43,029 square miles (Newfoundland, 1974). The alienations therefore account for 61 per cent of the area of the Island including water.

During this period only timber licenses were issued for Labrador. The total 'net area' licensed in Labrador up to 1938 was 29,429 square miles. The productive forest area of Labrador is currently estimated to be 21,380 square miles (Newfoundland, 1975). That the licensed area exceeded the productive forest area by 8,049 square miles is an indication of the amount of guess work that went into the establishment of license boundaries in Labrador. At the time (with the exception of some well-known accessible areas) no one knew with certainty the location of the good timber stands. Because of the large areas involved ground surveys must have been cursory at best. The result was that many licensees obtained and paid annual rentals for large areas which contained little, if any, accessible merchantable timber.
### TABLE V

**SUMMARY OF ALIENATIONS OF FOREST LAND**
**ISLAND OF NEWFOUNDLAND**
*(Areas in Square Miles)*

<table>
<thead>
<tr>
<th>Time Period (Yrs.)</th>
<th>Ownership</th>
<th>Form of Ownership</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1857-1889</td>
<td>New York, Newfoundland and London Telegraph Co.</td>
<td>Fee Simple</td>
<td>97</td>
</tr>
<tr>
<td>1896-1921</td>
<td>Reid Nfld. Co. Ltd. and R.G. Reid</td>
<td>Fee Simple</td>
<td>3,997</td>
</tr>
<tr>
<td>1905</td>
<td>Anglo-Nfld. Development Co. Ltd.</td>
<td>99 Year Renewable Lease</td>
<td>2,000</td>
</tr>
<tr>
<td>1887-1944</td>
<td>Various Licensees</td>
<td>99 Year Nonrenewable Licenses</td>
<td>20,007</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td>26,101</td>
</tr>
</tbody>
</table>

**SOURCE:** Compiled by the writer from records at the Crown Lands Registry and the Newfoundland Forest Service, and Kennedy (1955).
During the period of most intense licensing activity (1901-1920) a strict policy was followed for the Island of not alienating forest areas within three miles of the coast. Thus the "three-mile limit" was established. The timber on this area was regarded as the common property of the rural fishing population. The people continued to exercise their historic rights to satisfy their local wood requirements from the forests adjacent to the coast. During the 1920's, this policy began to break down and a number of licenses were issued within the three-mile limit. But public protest brought an end to this practice and statutory provisions were included in the 1930 Crown Lands Act prohibiting the issue of licenses within three miles of tidal waters.
CHAPTER V

ACQUISITION BY THE PULP AND PAPER INDUSTRY OF TIMBER OWNERSHIP ON THE ISLAND

Emergence of the Pulp and Paper Industry

Railway construction and availability of Crown timber licenses stimulated some expansion in sawmilling. Newfoundland started exporting lumber in 1890 and by 1904 annual shipments had reached a peak of 22 million board feet. The industry was concentrated in the central part of the Island and was based on the liquidation of mature white pine.

The dramatic economic diversification predicted by advocates of the railway had not occurred by the end of the century (Cramm, 1961). However, some progress had been made. Between 1881-85 and 1901-05, the average value of fish exports rose from about $6.2 million to $8.1 million but the fishery's share of total exports decreased from 95 per cent to 84 per cent (MacKay, 1946). The forestry share of total exports went from about 0.2 per cent to just over 2.1 per cent. Mining increased from 3.9 per cent to 13 per cent. Thus there was some diversification but the fishery still continued to be by far the main factor in the economy.
In the meantime there were signs of trouble in the sawmill industry. The pine stands were overmature and a high proportion of trees contained defect. It was apparent that the industry could not be sustained for long on the quality of timber found in Newfoundland. Of particular concern in 1903 was the fact that two large sawmills in Central Newfoundland were about to close. These mills were owned and operated by Lewis Miller, a Scottish lumberman who had been encouraged to relocate his operations from Sweden to Newfoundland in 1900 by Sir William Reid, one of the principals of the Reid Newfoundland Company (Kennedy, 1955). After a year of operating at Millertown it was found that only thirty-five to forty per cent of the logs harvested could be utilized for lumber and Miller decided to quit.

How to save the industry at Millertown and Glenwood and keep the mills operating was a matter of grave concern to Sir William Reid. He had been toying with the idea of forming a new company with the object of buying out the Miller Interests. By now, he and Crowe had had a number of talks together and the exuberance and optimism of Crowe was infectious. Furthermore, Crowe's ideas coincided with Reid's own to the effect that it was for papermaking rather than for sawmills that Newfoundland wood was best adapted (Kennedy, 1955).

H.J. Crowe was a promoter who played a prominent part in the establishment of the pulp and paper industry in Newfoundland (Kennedy, 1955). Crowe and Reid and others formed a company - Newfoundland Timber Estates - which eventually gained control of most of the main sawmill
operations in Central Newfoundland, and the timber limits that went with them. The idea was to form a consolidated timber limit which would be sold to the pulp and paper industry.

These events in Newfoundland coincided with certain developments in the newspaper publishing industry in England. On May 4, 1896 Alfred Harmsworth and his brother, Harold, had started publishing the Daily Mail which started a new trend in the style of newspaper publishing in England (Pound and Harmsworth, 1959). The Daily Mail was only one component of the Harmsworth publishing empire at the turn of the century and the principals were concerned about ensuring an adequate and reliable supply of paper for their publications in the event of a war in Europe.

It is not clear why Newfoundland was chosen by the Harmsworths for their newsprint operations. Mayson Beeton (an employee of the Harmsworths) investigated other areas in Canada, Sweden and Norway as well as Newfoundland (Beeton, 1903). Kennedy indicated that Crowe was negotiating with the Harmsworths about this time (Kennedy, 1955). In any event, Beeton (probably through Crowe) acquired an option on areas held by Lewis Miller and others in the Red Indian Lake area and made a proposition to the Newfoundland Government in 1905 in which he indicated that the Harmsworths would be interested in
establishing a newsprint mill in Newfoundland under certain conditions including:

1) Fee simple grants for the developer of available Crown lands to secure ownership of an entire watershed. The developer would agree to spend $10,000 on survey work within 3 years of execution of grants; $100,000 within ten years; and $1,000,000 within 20 years.

2) Government to grant water powers and control of lakes and rivers for logging and milling operations.

3) Construction materials and machinery to be admitted duty free.

4) Fee simple grants to Crown land required for mill sites, wharves, etc. for 30¢ per acre and arrangements for expropriation of private lands if Crown lands not available (Beeton, 1903).

In a Minute of Council dated March 28, 1903 the Government offered the following relative to timber areas:

After careful consideration of the above proposals it was resolved:

1) That the Government will issue to Messrs. Harmsworth, leases of such areas as are at the disposal of the Crown within the said boundaries above described, subject to the conditions of the Crown Lands Act, I Edward VII, Cap. 3, which requires the payment of an annual ground rent of Two Dollars per square mile, and a royalty at the rate of Fifty cents per thousand feet, board measure, on all trees cut down and manufactured into products other than paper. Upon the trees cut down and utilized for pulp paper, there shall not be exacted any royalty, nor shall a rental be exacted for barren lands within the said limits. The said lease shall be for a period of 99 years and subject to a renewal of the option of Messrs. Harmsworth (Minute of Council, 1903).

The section of the Crown Lands Act referred to in the Minute of Council was not the section dealing with licenses for pulp mills, but the section dealing with licenses for sawmills. The Crown Lands Act of 1899
provided for an initial charge of $5.00 per square mile, plus $3.00 per square mile thereafter for licenses for pulp mills, and carried an area limitation of 150 square miles. Thus, while the government was apparently not willing to issue fee simple grants as requested by Beeton, it did not insist on compliance with the Crown Lands Act as it then applied to licenses for pulp mills. This would have resulted in fees having a present value (at 3 per cent) of $94.65 per square mile compared to fees actually charged which had a present value of $68.67 (see Appendix I).

On June 15, 1905 the Legislature passed "An Act to Encourage the Manufacture of Pulp and Paper in this Colony" which ratified the agreement between the Government and the Anglo-Newfoundland Development Company (the company established by the Harmsworths) and authorized issue of the timber lease (Chapter IV). Construction started on the mill site at Grand Falls on the Exploits River in 1905 and the first paper was produced in 1909 (Lawrence, 1937).

Original capacity of the mill at Grand Falls was 30,000 tons of newsprint per year and 10,000 tons of groundwood pulp. It was the first successful newsprint mill in Newfoundland, a country where failure rather than success was often the outcome of industrial undertakings. For the next 70 years the establishment of a newsprint
mill like the one at Grand Falls would be regarded as the economic salvation for various regions of the country, and successive governments could count it as a major accomplishment if similar developments occurred while they were in power.

The original leased area of 2,000 square miles was not adjacent to the mill site at Grand Falls. Practically all of it was located above Red Indian Lake which is about 50 miles up the river from the mill site. In order to get the lease the Harmsworths first had to buy from Crowe the licenses he held to the area. These were then surrendered and the new lease was issued. In addition to the lease acquired from the Government the Anglo-Newfoundland Development Company also obtained leases to a number of Reid Lots with a total area of 305 square miles in the vicinity of Red Indian Lake. Nine square miles of freehold land were also acquired from Reid Newfoundland Company in 1905. This area of 2,314 square miles was the basic timber limit of the Grand Falls mill in 1905 (see Map 4, Appendix 7).

Summary of Major Developments in the Pulp and Paper Industry, 1897-1938

The mill at Grand Falls was only one of a series of attempts by developers and the Government to establish pulp or paper mills between 1897 to 1938. Six of these attempts resulted in mills being established and at least
four more appear to have been serious attempts to establish mills, which failed for various reasons. Of ten major efforts considered here, only two were successful in that mills were established which generated sufficient revenues to allow long run operation as viable independent units. Both the successful and unsuccessful attempts were important from the point of view of forest land tenure because, in order to ensure the viability of any proposed pulp or paper mill, the developer had to gain control of sufficient timber licenses reasonably close to the mill site to ensure an adequate wood supply. Thus, generally speaking, each new development effort resulted in the concentration of timber licenses and Reid lots into the hands of fewer and fewer individuals or companies. The locations of the ten limit areas and mill sites are shown on Map 3 in Appendix 7.

The Government, of course, entertained a number of proposals for pulp and paper developments in addition to those listed here, but these appear to be the most important from the point of view of concentration of timber ownership. Some facts on these 10 development efforts are summarized in Table VI. A brief description of each development follows.

Black River

A small pulp mill was established by The Newfoundland Wood Pulp Company (a subsidiary of a local firm,
TABLE VI
MAJOR DEVELOPMENTS IN THE PULP AND PAPER INDUSTRY, 1897-1937

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Company or Promoter</th>
<th>Mill Location</th>
<th>End Products</th>
<th>Initial Capacity of Mill or Planned Capacity (Tons per Year)</th>
<th>Gross Area Timber Limits (Sq. Mi.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1897</td>
<td>Nfld. Wood Pulp Co.</td>
<td>Black River</td>
<td>Groundwood Pulp</td>
<td>6,000</td>
<td>130</td>
</tr>
<tr>
<td>1912</td>
<td>A.E. Reed and Co. (Nfld.) Ltd.</td>
<td>Bishops Falls</td>
<td>Groundwood Pulp</td>
<td>39,000</td>
<td>1,975</td>
</tr>
<tr>
<td>1913</td>
<td>Horwood Lumber Co.</td>
<td>Campbellton</td>
<td>Groundwood Pulp</td>
<td>4,500</td>
<td>62.5</td>
</tr>
<tr>
<td>1921</td>
<td>Terra Nova Sulphite Co.</td>
<td>Glovertown</td>
<td>Sulphite Pulp</td>
<td>16,000</td>
<td>1,172</td>
</tr>
<tr>
<td>1925</td>
<td>Nfld. Power and Paper Co.</td>
<td>Corner Brook</td>
<td>Newsprint</td>
<td>120,000</td>
<td>2,641</td>
</tr>
<tr>
<td>Year(s)</td>
<td>Company or Promoter</td>
<td>Mill Location</td>
<td>End Products</td>
<td>Initial Capacity of Mill or Planned Capacity (Tons per Year)</td>
<td>Gross Area Timber Limits (Sq. Mi.)</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------</td>
<td>---------------</td>
<td>--------------</td>
<td>--------------------------------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>1916</td>
<td>St. Lawrence Timber Pulp and Steamship Co.</td>
<td>Bonne Bay</td>
<td>Sulphite Pulp</td>
<td>10,000</td>
<td>243</td>
</tr>
<tr>
<td>1917-27</td>
<td>H.J. Crowe</td>
<td>Roti Bay</td>
<td>Newsprint</td>
<td>60,000</td>
<td>3,125</td>
</tr>
<tr>
<td>1923-27</td>
<td>H.J. Crowe</td>
<td>Sops Arm</td>
<td>Sulphite Pulp</td>
<td>30,000</td>
<td>942</td>
</tr>
<tr>
<td>1923-37</td>
<td>Gander Valley Power and Paper Co.</td>
<td>Indian Bay</td>
<td>Newsprint</td>
<td>300,000</td>
<td>3,152</td>
</tr>
</tbody>
</table>

**Source:** Compiled by writer from records at the Crown Lands Registry and the Newfoundland Archives.
Harvey and Company) at Black River in Placentia Bay in 1897-8 (Kennedy, 1955). The mill had a capacity of 20 tons per day and operated exclusively on black spruce. The original timber license for the mill was issued in 1892 for 99 years for 130 square miles. Replacement licenses for the same area were issued in 1896 under somewhat different terms and conditions. The mill closed in 1903 because of inadequate water supply. The major contribution of this mill to the further development of the industry in Newfoundland was that it demonstrated that high quality pulp could be produced from Newfoundland forests (Kennedy, 1955).

**Bishops Falls**

Construction had hardly begun on the mill at Grand Falls when another development was started about 10 miles downstream at a second power source, Bishops Falls. In 1907, the Albert E. Reed and Company Limited⁶ of London formed a Newfoundland subsidiary, the Albert E. Reed and Company (Newfoundland) Limited, with the objective of erecting a pulp mill at Bishops Falls (Kennedy, 1955). A mill with a capacity of 130 tons a day was completed in 1912, and the company operated as an independent unit until 1928 when it was taken over by the Anglo-Newfoundland

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⁶At the time this company operated eight paper mills in the south of England (Armulee, 1933). This company should not be confused with the Reid interests which obtained the freehold Reid Lots as part payment for operation of the railway.
Development Company at Grand Falls (Kennedy, 1955). The mill at Bishops Falls, at least initially, was not a profitable operation, probably because of high construction costs and legal difficulties associated with the power dam (Reed, 1916).

The timber limits for the Bishops Falls mill were obtained from two companies controlled by H.J. Crowe. In 1907, 1,369 square miles were acquired from the Newfoundland Pine and Pulp Company and 606 square miles were acquired from Central Forests Company Limited, for a total limit area of 1,975 square miles, located mainly in the central and lower Exploits Valley centered around Bishops Falls.

In 1916 the company was considering the addition of a paper mill at Bishops Falls to try to achieve a profit position through economies of scale with a larger operation (Reed, 1916). However this plan was abandoned and instead, 1,282 square miles of timber limits were transferred to the Anglo-Newfoundland Development Company at Grand Falls. The Albert E. Reed Company retained the remaining area to supply the pulp mill at Bishops Falls until this too was acquired by the Anglo-Newfoundland Development Company in 1929.

The Anglo-Newfoundland Development Company claimed that the mill at Bishops Falls was not profitable
in itself but could be operated as an adjunct to the Grand Falls mill (Rothermere, 1924). It was operated as a source of pulp supply for the Grand Falls mill until 1952.

The 1,369 square-mile area which the Albert E. Reed Company acquired from the Newfoundland Pine and Pulp Company represented a consolidation of 12 separate licenses which had been previously issued (Registry of Deeds, 1919). The 606 square-mile area held in the name of Central Forests represented a consolidation of 7 licenses (Titford and McGrath, 1951).

Campbellton

During 1913-14 a small pulp mill was erected at Campbellton, Notre Dame Bay, by the Horwood Lumber Company, a Newfoundland concern which also operated sawmills in the same general area (Horwood Lumber Company, 1927). The mill operated for about two years but repeated failure of the power dam forced the company to close the operation in 1916. The capacity of the mill was 4,500 tons per year and the annual wood requirement was estimated at 1.06 cunits per ton of pulp or 4,781 cunits per year (Horwood Pulp Company, 1911). The company obtained a 99-year timber license for 155 square miles in 1912 in the Campbellton - Dog Bay area for the operation of the mills (Registry of Timber Licenses, 1912). A license to an additional 38 square miles was belatedly issued in 1944.) After the pulp mill closed in 1916, the company continued to work its license
to supply its sawmill at Dog Bay until 1954 when all its logging operations in the area were closed (Kennedy, 1955). Thirty-two square miles of the company's licensed area were acquired by the Anglo-Newfoundland Development Company and the remainder reverted to the Crown.

Glovertown

In 1920 construction was started on a sulphite pulp mill at Glovertown at the mouth of the Terra Nova River in Bonavista Bay (Storm, 1921). Norwegian developers had formed the Terra Nova Sulphite Company to build and operate the mill which had a planned capacity of 16,000 tons per year. The plant was over 50 per cent completed when the value of the Norwegian Kroner fell drastically relative to the Canadian dollar and completely disrupted the planned financing of the project (Storm, 1921). The company tried to get the Newfoundland Government to guarantee the interest on a bond issue of one million dollars to be raised in North America to finance completion of the plant (Blakstad, 1921), but this was refused (Squires, 1922) and the project had to be abandoned. The assets of the company, including the mill equipment and about 1,172 square miles of timber limits, were taken over by the Anglo-Newfoundland Development Company in 1923 (Registry of Deeds, 1923).
In a letter to the government explaining the takeover of these assets, Rothermere (1924) stated that the Anglo-Newfoundland Development Company decided against completing the pulp mill at Glovertown because the mill was too small to be profitable and the timber limits were inadequate to supply a larger mill. The company therefore decided to use the Terra Nova limits to support an expansion of the Grand Falls mill.

The timber limits of the Terra Nova Sulphite Company were formed by acquisition of an area of 906 square miles in the watershed of the Terra Nova River formerly covered by 9 separate licenses. A single 99-year license for 906 square miles was issued in 1921 (Registry of Timber Licenses, 1921). The balance of the limit area was made up of leased cutting rights to a number of Reid lots (Storm, 1921).

Corner Brook

The Reids were interested in developing their land holdings on the West Coast. In 1915 they formed the Newfoundland Products Corporation Limited and obtained from the Government a lease to the water powers of the Humber River and its tributaries (Newfoundland, 1915). The original intention of the company was to utilize the water power to manufacture ammonia phosphate for fertilizer, ammonia, cement, woodpulp and lumber. This purpose was not
achieved but by 1921 the Reids had succeeded in interesting the Sir W.G. Armstrong Whitworth and Company Limited of England in a scheme to develop water power and construct a newsprint mill on the Humber River (Reid, 1921). By 1923 the name of the company was changed to Newfoundland Power and Paper Company Limited and voting control had been acquired by the Whitworth interests, with Reids retaining a large share in any profits (Reid, 1923). The project was financed by the issue of two series of debenture stock with a value of £2 million each. The Governments of the United Kingdom and Newfoundland each guaranteed the principal and interest on one series of stock (Amulree, 1933). A power plant was erected at Deer Lake and the newsprint mill with a capacity of 400 tons per day was operating at Corner Brook by 1925 (Reid Papers, 1926).

Construction cost for the mill and power plant was originally estimated at $20 million but the actual cost was $45 million and the mill operations were handicapped by heavy overhead charges, poor market conditions and lack of an effective marketing organization (Amulree, 1933). In 1928 the property was acquired by the International Paper Company of New York and a new company, the International Power and Paper Company of Newfoundland, was formed to continue operations. Ownership of the Corner Brook mill was retained by the International Paper Company until 1938, when it was acquired by the Bowater interests of England.
The new company formed to operate the mill was the Bowater's Newfoundland Pulp and Paper Mills Limited (Newfoundland, 1938). The Bowater interests are the present operators of the Corner Brook mill but the name of the company has been shortened to Bowater Newfoundland Limited.

The initial timber limit area for the Corner Brook mill in 1925 was 2,641 square miles. This included 60 Reid lots with an area of 1,750 square miles, 10 timber licenses acquired from various companies and individuals with an aggregate area of 885 square miles and 6 square miles of freehold land.

The Corner Brook mill was the last newsprint or pulp mill to be built in Newfoundland in the period under consideration. A number of other serious attempts were made to erect mills on the Island and the more important of these are outlined below. As will be shown, all of these attempts eventually contributed to the growth of the Corner Brook operation.

**Bonne Bay**

In 1916 the Government was approached by the St. Lawrence Timber, Pulp and Steamship Company for certain concessions for the establishment of a sawmill and a sulphite pulp mill at Bonne Bay on the West Coast (Whalley, 1916). A sawmill was established but the pulp mill was never built because of adverse economic conditions in Great Britain during and after the war (Whalley, 1921).
The limits acquired by the Company amounted to 243 square miles. Of this, 190 square miles represented a consolidation of 3 timber licenses and 53 square miles represented cutting rights, acquired from the Reid Newfoundland Company, to Reid Lot 207 (Blandford, 1916). The area under timber license was disposed of in 1927 to the operators of the Corner Brook mill. Cutting rights to the Reid Lot 207 were also acquired for the Corner Brook mill in 1942.

**Roti Bay**

H.J. Crowe had been successfully involved in promoting both the Grand Falls and Bishops Falls developments. In 1917 he was trying to promote yet another pulp and paper mill. This project, with a capacity of 200 tons per day, was to be located at Roti Bay, in Bay d'Espoir on the South Coast of the Island (Crowe, 1917). The plan was to develop available water power in the vicinity of Roti Bay and supply the mill with pulpwood from a 3,125 square mile limit Crowe had consolidated from 10 timber licenses on the South Coast. Crowe's efforts to promote this project received a serious setback when a cruise of the area by the International Paper Company (which was apparently interested in the project) revealed that the limit area contained only 552,500 cunits of available pulpwood (Graustein, 1927). Crowe died in 1928. Part of
the timber limit was acquired in the same year as a wood supply area for the Corner Brook mill.

White Bay

At the same time that he was trying to promote the development of his South Coast properties, Crowe was also involved in the promotion of a sulphite pulp mill at Sops Arm in White Bay (Crowe, 1925). He had acquired three timber licenses in the vicinity of White Bay with an aggregate area of 742 square miles and an additional 200 square-mile area inland from Halls Bay in Notre Dame Bay (Crowe, 1926). The mill was never established and the White Bay limits were acquired for the Corner Brook mill in 1929 and 1930.

The Gander Deal

While construction on the Corner Brook mill was still in progress the Reid Newfoundland Company was also trying to promote a newsprint mill on the Gander River (Reid Papers, 1924). The company formed for this purpose was the Gander Valley Power and Paper Company Limited. The original plan was to erect a paper mill with a capacity of 200 tons per day at the mouth of the Gander River and to supply power to the plant by the erection of a dam near Glenwood at the outlet of Gander Lake. In 1924 the Government passed an Act which, among other things, conferred water power rights on the Gander River to the
Company (Newfoundland, 1924). The development proposal was changed from time to time and by 1930 the Company had changed the proposed mill site to Indian Bay on the Bonavista North Peninsula and the planned capacity of the mill had increased to 1,000 tons a day (Conroy, 1930). At this time the Hearst publishing organization in the United States was involved in the financing and had tentatively agreed to take the full output of the mill. This deal was not successful however and in 1937 the Reids were negotiating with the Bowater-Lloyd interests in England (MacKay, 1946). The eventual result of these negotiations was not the establishment of a mill at Indian Bay but the acquisition by the Bowater\textsuperscript{7} interests of the paper mill at Corner Brook in 1938, in what became known as the Gander Deal. Other aspects of this deal are discussed in later sections in this Chapter.

The Reid Newfoundland Company, mainly through its subsidiary Mines and Forests Limited, had put together an impressive timber limit (by buying up timber licenses) to supply the proposed mill, which included most of the timber in the Gander Valley and extensive areas on the Baie Verte and Northern Peninsulas as well. With the failure of this deal, these areas became part of the wood

\textsuperscript{7}While the original negotiations were with the Bowater-Lloyd interests the Bowater interests alone concluded the final agreement with the Government and the Reid Newfoundland Company.
supply area for the Corner Brook mill. Included were 24 timber licenses with a total area of 2,710 square miles, plus 29 Reid lots with an area of 442 square miles.

The area assembled by the Reids constituted the last major block of timber in the interior of the Island that was not already committed to the pulp and paper industry. The failure by the Reids to promote the erection of a paper mill to utilize these limits meant that the two operating companies at Grand Falls and Corner Brook would control the interior forest resources of the Island for the foreseeable future. The progress of the owners of these mills in consolidating their limit areas is outlined in more detail in the following section.

**Final Concentration of Timber Ownership**

As already intimated, while most development attempts failed to establish viable pulp or newsprint mills, the mills at Grand Falls and Corner Brook were outstanding exceptions. In the long run both these operations prospered and expanded until by the early 1960's, they controlled practically all the timber licenses that had been issued and cutting rights to most of the Reid lots in the Central and Western parts of the Island. The expansion in the limit areas controlled by each company is outlined briefly below.
Grand Falls

The limit area of the Anglo-Newfoundland Development Company in 1905 was 2,314 square miles. In 1907 several additional freehold and leasehold lots were acquired so that when the mill started operating in 1909, its limit area had increased slightly to 2,327 square miles. In 1914 the first major addition to the basic limit area was made when a 250 square-mile timber license was acquired from the Newfoundland Pine and Pulp Company.

As can be seen from Map 4 in Appendix 7, initially the company did not control any cutting rights in the vicinity of its Grand Falls mill. All the timber licenses in this area had been acquired by the Albert E. Reed and Company (Newfoundland) Limited for its pulp mill at Bishops Falls. But from the beginning the Harmsworths had plans for expanding the Grand Falls mill and in 1912 two new machines were added which doubled the annual capacity to 60,000 tons (Lawrence, 1937). Further, since its main wood supply area was over 50 miles from the mill site, it was obviously in the interest of the company to acquire additional limits closer to the mill. Several years prior to 1916 the company entered into a tentative agreement with the Albert E. Reed Company for the acquisition of some of the latter company's holdings in the Exploits Valley between Red Indian Lake and Grand Falls.
This agreement was finally executed in 1919 and the Anglo-Newfoundland Development Company increased its limit area by 1,282 square miles or 50 per cent (Registry of Deeds, 1919).

In 1925 the capacity of the mill was increased to 100,000 tons per year (Lawrence, 1937). The limit area was 4,204 square miles. In 1928, a major acquisition took place when the company took over the assets of the Alexander Bay Pulp and Paper Company (a subsidiary of the Anglo-Newfoundland Development Company which had previously taken over the assets of Terra Nova Sulphite Company) and its 1,187 square miles of limit areas, mainly located in the Terra Nova River Valley. In 1929 a second major limit acquisition occurred when the company acquired the remaining assets of the Albert E. Reed and Company (Nfld.) Ltd. which included 930 square miles of timber licenses. By 1929 the total limit area held by the company had increased to 6,327 square miles.

The last major limit acquisition was made in 1933 when 1,109 square miles were acquired on the Northern Peninsula and 43 square miles of freehold land were acquired from the Reid Newfoundland Company. This brought the total limit area to 7,479 square miles. The last timber license was acquired by the company in 1948 with the purchase of 32 square miles from the Horwood Lumber Company. In 1962 two Reid lots, with a total area of 65
square miles, were added which brought the total limit area controlled by the company to 7,577 square miles or to 3.27 times the size of the original holdings in 1905. The acquisitions of the company are listed in detail in Table VII and are also shown on Map 4, Appendix 7.

Corner Brook

The initial expansion in the limit area for the mill from the 2,641 square miles it had acquired up to 1925 was accomplished through the purchase of timber licenses. From 1926 to 1934, 27 licenses were acquired which brought the total limit area to 7,724 square miles. In 1939, mainly as the result of the Gander Deal, the limit area of the Corner Brook mill increased to 11,192 square miles.

The agreement between the Bowater interests and the Government which sanctioned the Gander Deal provided for an increase in sulphite pulp production for the Corner Brook mill of 60,000 tons per year and an increase in newsprint production of 30,000 tons per year as a condition of the acquisition by the company of the additional timber limits. Under the Bowater's Newfoundland Act, the term of all timber licenses held by the company was set at 99 years from 1938, irrespective of the effective dates stated in the original license documents.
TABLE VII
TIMBER LIMITS ACQUIRED BY THE ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY
FOR THE GRAND FALLS MILL

<table>
<thead>
<tr>
<th>Year</th>
<th>Form of Ownership</th>
<th>Acquired From</th>
<th>Area (Sq. Miles)</th>
<th>Cumulative Area (Sq. Miles)</th>
<th>Total Area (Per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>Reid Nfld. Co.</td>
<td>305</td>
<td>2305</td>
<td>30.4</td>
</tr>
<tr>
<td>&quot;</td>
<td>Freehold</td>
<td>&quot;</td>
<td>7</td>
<td>2312</td>
<td>30.5</td>
</tr>
<tr>
<td>1907</td>
<td>Lease</td>
<td>Nfld. Pine &amp; Pulp Co.</td>
<td>6</td>
<td>2320</td>
<td>30.6</td>
</tr>
<tr>
<td>&quot;</td>
<td>Freehold</td>
<td>Crown</td>
<td>4</td>
<td>2324</td>
<td>30.7</td>
</tr>
<tr>
<td>1913</td>
<td>Lease</td>
<td>&quot;</td>
<td>3</td>
<td>2327</td>
<td>30.7</td>
</tr>
<tr>
<td>1914</td>
<td>License</td>
<td>Nfld. Pine &amp; Pulp Co.</td>
<td>250</td>
<td>2580</td>
<td>34.0</td>
</tr>
<tr>
<td>&quot;</td>
<td>Freehold</td>
<td>&quot;</td>
<td>1</td>
<td>2581</td>
<td>34.1</td>
</tr>
<tr>
<td>1919</td>
<td>License</td>
<td>Albert E. Reed &amp; Co. (Nfld.) Ltd.</td>
<td>1282</td>
<td>3863</td>
<td>51.0</td>
</tr>
<tr>
<td>1920</td>
<td>&quot;</td>
<td>E. Collishaw</td>
<td>9</td>
<td>3872</td>
<td>51.1</td>
</tr>
<tr>
<td>1922</td>
<td>&quot;</td>
<td>Crown</td>
<td>270</td>
<td>4142</td>
<td>54.7</td>
</tr>
<tr>
<td>1923</td>
<td>&quot;</td>
<td>&quot;</td>
<td>50</td>
<td>4192</td>
<td>55.3</td>
</tr>
<tr>
<td>&quot;</td>
<td>Freehold</td>
<td>Nfld. Colonization &amp; Mining Co.</td>
<td>12</td>
<td>4204</td>
<td>55.5</td>
</tr>
<tr>
<td>1928</td>
<td>License</td>
<td>Alexander Bay Pulp &amp; Paper Co.</td>
<td>9061</td>
<td>5110</td>
<td>67.4</td>
</tr>
<tr>
<td>&quot;</td>
<td>Lease</td>
<td>&quot;</td>
<td>2812</td>
<td>5391</td>
<td>71.1</td>
</tr>
</tbody>
</table>

1Crown Timber Licenses.

2Leases to 8 Reid Lots from Reid Newfoundland Company acquired by the Terra Nova Sulphite Company.
TABLE VII - Continued

<table>
<thead>
<tr>
<th>Year</th>
<th>Form of Ownership</th>
<th>Acquired From</th>
<th>Area (Sq. Miles)</th>
<th>Cumulative Area (Sq. Miles)</th>
<th>Total Area (Per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>Lease</td>
<td>Bishops Falls Pulp &amp; Paper Co.</td>
<td>930</td>
<td>6321</td>
<td>83.4</td>
</tr>
<tr>
<td>&quot;</td>
<td>Freehold</td>
<td>&quot;</td>
<td>2</td>
<td>6323</td>
<td>83.4</td>
</tr>
<tr>
<td>&quot;</td>
<td></td>
<td></td>
<td>4</td>
<td>6327</td>
<td>83.5</td>
</tr>
<tr>
<td>1933</td>
<td>License</td>
<td>Mooney &amp; Vandyke Co.</td>
<td>29</td>
<td>6356</td>
<td>83.9</td>
</tr>
<tr>
<td>&quot;</td>
<td></td>
<td>M.J. Mooney</td>
<td>1080</td>
<td>7436</td>
<td>98.1</td>
</tr>
<tr>
<td>&quot;</td>
<td>Freehold</td>
<td>Reid Nfld. Co.</td>
<td>43</td>
<td>7479</td>
<td>98.9</td>
</tr>
<tr>
<td>1948</td>
<td>License</td>
<td>Horwood Lumber Co.</td>
<td>32</td>
<td>7511</td>
<td>99.1</td>
</tr>
<tr>
<td>1962</td>
<td>Freehold</td>
<td>Reid Nfld. Co. &amp; Mines &amp; Forests (Nfld.) Ltd.</td>
<td>66</td>
<td>7577</td>
<td>100.0</td>
</tr>
</tbody>
</table>

TOTALS 7577

34,838 square miles of timber licenses.

SOURCE: Compiled by the writer from records at the Crown Lands Registry, the Registry of Timber Licenses and various Government documents.
A number of relatively minor acquisitions were made after 1939. In 1942 and 1950 a total of 5 Reid lots were added, and in 1948, 1950 and 1953 three more timber licenses were purchased. These Reid lots and licenses increased the limit area to 11,566 square miles.

The growth of the limit area is summarized by year in Table VIII and is given in detail in Appendix 5. The geographic location of acquisitions is shown on Map 5 in Appendix 7.

**Government Policy on The Gander Deal**

Reference has already been made to the efforts of the Reid Newfoundland Company to consolidate a timber limit centered around the Gander River and to build a newsprint mill to utilize this wood. The attempt to establish the mill was unsuccessful and the limit area was acquired by the Bowater interests and added to the wood supply area for the Corner Brook mill. The details of the negotiations leading up to the Bowater takeover of the Corner Brook mill have been described by Ewbank (1939) and illustrate very well the dilemma faced by Newfoundland Governments in dealing with promoters of resource development projects.

After the Reid negotiations with the Hearst organization of New York failed in the mid 1930's, they managed to interest the Bowater-Lloyd interests of England in the construction of a sulphite mill capable of pro-
### TABLE VIII

**SUMMARY OF LIMIT AREAS ACQUIRED FOR CORNER BROOK MILL**

<table>
<thead>
<tr>
<th>Year of Acquisition</th>
<th>Form of Ownership or Freehold Lots</th>
<th>Area (Square Miles)</th>
<th>Cumulative Total Area (Sq. Miles)(Per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>Reid Lots</td>
<td>60</td>
<td>1,750</td>
</tr>
<tr>
<td>1923</td>
<td>Licenses</td>
<td>4</td>
<td>281</td>
</tr>
<tr>
<td>1924</td>
<td>Freehold</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>1924</td>
<td>Licenses</td>
<td>2</td>
<td>219</td>
</tr>
<tr>
<td>1925</td>
<td>&quot;</td>
<td>4</td>
<td>385</td>
</tr>
<tr>
<td>1926</td>
<td>&quot;</td>
<td>3</td>
<td>104</td>
</tr>
<tr>
<td>1927</td>
<td>&quot;</td>
<td>1</td>
<td>190</td>
</tr>
<tr>
<td>1928</td>
<td>&quot;</td>
<td>10</td>
<td>2,709</td>
</tr>
<tr>
<td>1929</td>
<td>&quot;</td>
<td>9</td>
<td>1,358</td>
</tr>
<tr>
<td>1930</td>
<td>&quot;</td>
<td>3</td>
<td>679</td>
</tr>
<tr>
<td>1934</td>
<td>&quot;</td>
<td>1</td>
<td>43</td>
</tr>
<tr>
<td>1939</td>
<td>Reid Lots</td>
<td>29</td>
<td>442</td>
</tr>
<tr>
<td>1939</td>
<td>Licenses</td>
<td>28</td>
<td>3,026</td>
</tr>
<tr>
<td>1942</td>
<td>Reid Lots</td>
<td>1</td>
<td>43</td>
</tr>
<tr>
<td>1948</td>
<td>Licenses</td>
<td>1</td>
<td>67</td>
</tr>
<tr>
<td>1950</td>
<td>Reid Lots</td>
<td>4</td>
<td>87</td>
</tr>
<tr>
<td>1950</td>
<td>Licenses</td>
<td>1</td>
<td>65</td>
</tr>
<tr>
<td>1953</td>
<td>&quot;</td>
<td>1</td>
<td>112</td>
</tr>
</tbody>
</table>

**TOTALS**

11,566

19,238 square miles of timber licenses.

**SOURCE:** Compiled by the writer from records at the Crown Lands Registry, the Registry of Timber Licenses and various Government documents.
ducing 70,000 tons of pulp a year. The mill was to be in operation by 1940. As part of the proposed agreement the Government was to: build a 20-mile branch railway line to the mill site at a cost of $1.5 million, issue a 99-year timber license to 3,000 square miles in Labrador (with a free royalty provision on wood harvested up to 1945), and allow the company to export up to 97,750 cunits of unmanufactured timber a year. Further, timber licenses on the Island were to be consolidated and made renewable for a second 99-year term. The agreement was prepared and initialed but at the last moment the company advised the Government that it would not proceed. In the meantime, the Bowater interests had made arrangements to purchase the Corner Brook mill and in June of 1938 presented the Government with a counterproposal for the acquisition of the Gander limits and the expansion of the Corner Brook mill. Further negotiations followed and a tentative agreement was initialed on September 30, 1938 which formed the basis of the Bowater's Newfoundland Act of 1938.

Some of the main points of this agreement have already been discussed. In exchange for an agreement to expand the mill at Corner Brook the Bowater interests were allowed to acquire from Reid Newfoundland Company the limits comprising the Gander Deal. The main advantages of this arrangement for the Government was that it was relieved from the obligation to construct the branch railway line. Of secondary
importance perhaps was the fact that the timber license to 3,000 square miles in Labrador was no longer required.

The main disadvantage of the Bowater agreement was that it marked the end of the high hopes of the Government and the people in general for the establishment of a major wood processing plant for the depressed northeast coast of the Island. It was a very difficult decision for the Government to make. In justifying the Government's position, Ewbank (1939) stressed that the only options were to accept the Bowater proposal or to forego any expansion in the industry for the time being:

The alternative before them was not one of obtaining better terms from Bowater's Newfoundland Pulp and Paper Mills Limited, but of allowing the opportunity to slip, and of calling on the people of this country to tighten their belts and wait until some other opportunity should present itself ... I wish to say here that Government have received no proposals which would justify them in concluding that any other interests besides the Bowater interests are considering the purchase of the Gander properties in order to put up a newsprint or pulp mill. They have continued their negotiations with Bowaters therefore on the presumption that in spite of the fact that the Reid interests have had the resources of their properties fully examined by experts of the highest standing, and have taken steps to bring the facts to notice in every quarter from which they hoped for a response, there is still no other candidate in the field.

Faced with the prospect of only one serious developer interested in acquiring the Gander limits, the Government had to decide to either take the one offer or to defer further development indefinitely. To take the latter course was unacceptable because economic conditions
were desperate and were forecast to get worse in the immediate future.

The need of additional employment on the northeast coast was urgent. Government were faced with the knowledge that in the season 1938-9 a total reduction of about 1,000,000 man days in employment in the woods and 2½ million dollars in wages in addition to a reduction of 250,000 man days in mill work and about 1½ million dollars in wages is anticipated (Ewbank, 1939).

The amount of direct revenue to Government was of secondary importance compared to the need to provide additional employment and the right of the Reid interests to make the best deal they could for the sale of their limits.

The company will pay a royalty of 30¢ per cord on all wood cut and exported from its properties. . . . The fact that these properties have been alienated in the past either in fee simple or on long term licenses, and that the Reid interests are entitled to decide at what price they will transfer their rights to the purchasers, increases the overhead cost of the timber to the company and limits the freedom of Government to set a royalty on wood exported for manufacture outside this country at figures comparable to those obtaining in some Canadian provinces. In any case, it is not part of their policy to press the claims of the public revenues . . . Their main object is to secure work for the people under reasonable conditions and at rates of wages which will enable them to earn a fair livelihood. A high royalty must tend to suppress wages (Ewbank, 1939).

Ewbank thus summed up the timber allocation policy of Newfoundland. The resource was allocated to the private sector in the hope that industrial development would be achieved. The main objective of Government was to create employment and direct returns to the public
treasury would be kept at a low level. Private developers would be allowed to capture any economic rents that could be realized through resource utilization.

The Bowater interests acquired the Corner Brook mill for $5.5 million (U.S.) (Ewbank, 1939). In addition approximately $5 million was paid to the Reid interests for the timber licenses and Reid lots involved in the Gander Deal. The capital gains, if any, realized by the Reid interests in the sale of the timber properties could not be accurately estimated because complete figures on the cost of acquisition of the properties, and the development expenses incurred, could not be ascertained.

Summary

When it became apparent that the Island's forests could not support a large scale lumber export industry, attention was focused on the pulp and paper industry. The mills at Grand Falls and Corner Brook were only two of ten major attempts to establish pulp or paper mills on the Island. Six mills were constructed and serious efforts were made to establish at least four more. As these various development attempts failed, most of the timber licenses and Reid lots of any value were acquired by the operators of the two successful mills.

The last major concentration in ownership occurred when the Bowater interests took over the Corner Brook mill
and acquired the extensive holdings the Reids had acquired for the proposed Gander development. This was the last chance the Government had to halt the concentration process that was occurring. Faced with desperate economic conditions and no other prospective developer, the Government decided to allow the remaining limit areas to be traded off for the employment benefits that would be provided.

On the Island of Newfoundland, approximately 26,101 square miles were alienated in three main forms of ownership: fee simple grants, totalling 4,094 square miles; 2,000 square miles under a special timber lease; and 20,007 square miles in timber licenses.

The Reid Newfoundland Company obtained 151 fee simple grants containing 3,997 square miles as part payment for its railway operations but under the Transportation of Timber Act of 1904, the company lost cutting rights to 649 square miles within the three-mile limit. This left 3,348 square miles. By the early 1960's, cutting rights to 94 Reid lots containing 2,324 square miles had been acquired for the Corner Brook mill and cutting rights to 26 lots containing 710 square miles had been acquired for the Grand Falls mill. Cutting rights to the remaining 314 square miles were retained by the Reid Newfoundland Company until 1974, when they were re-acquired by the Government as part of an overall agreement in which the company surrendered
its various interests (except mineral rights) to an area of 819 square miles in exchange for a payment of $4,150,000.

Of the 97 square miles of fee simple grants issued to the New York, Newfoundland and London Telegraph Company, 12 square miles were acquired for the Corner Brook mill and 6 square miles for the Grand Falls mill.

The Anglo-Newfoundland Development Company (later Price (Nfld.) Pulp and Paper Limited) retained ownership of its 2,000 square-mile lease area for the Grand Falls mill.

By the early 1960's, there were only two owners of timber licenses on the Island. Between them the operators of the mills at Grand Falls and Corner Brook had acquired 14,076 square miles or 70 per cent of the area alienated in timber licenses. The remaining 5,931 square miles had reverted to the Crown.

The distribution of timber ownership on the Island for the early 1960's is shown in Figure 6. The areas shown as belonging to the Reid Newfoundland Company are the areas with cutting rights re-acquired by Government in 1974.
CHAPTER VI
DEVELOPMENTS IN LABRADOR

The concentration of timber ownership and development of license areas which occurred on the Island did not occur to nearly the same extent in Labrador.

Duration of Licenses

Statistics on number of licenses issued and areas licensed in Labrador were presented in Tables II and IV which show that a total of 97 licenses were issued for a gross area of 69,773 square miles. However, there was considerable duplication in that in many cases licenses were re-issued for identical areas. The net area licensed was 29,429 square miles.

Accurate information on the life history of all license areas in Labrador could not be found. Indications are that many licenses were held for only a short period of time, and the rate of cancellations or surrender must have been fairly high in the period 1912-1920. From Table IV it can be seen that up to 1920, a net area of 29,308 square miles had been licensed. A map, prepared in 1923 by the Department of Agriculture and Mines, indicates that at that time there were 22 licenses in effect for a total of 24,706 square miles. The original map also showed a number
of areas for which license applications had been received but it appears that none of these areas were subsequently licensed. A copy of this map, showing the licenses in good standing in 1923, is presented as Map 2 in Appendix 7.

The approximate disposition of the area shown on the 1923 map was determined. In 1924 a conservative Government under the leadership of W.S. Monroe, a St. John's merchant, was elected to the House of Assembly (Noel, 1971). One of the decisions of this administration was to cancel a number of timber licenses in Labrador which were in arrears with respect to payment of rent (Minute of Council, 1925). Thirteen licenses were cancelled in 1925, and 13,134 square miles reverted to the Crown. Two additional licenses were cancelled in the 1930's and in 1949 licenses on another 6,074 square miles were cancelled for non-payment of rental. In 1951, 100 square miles in 50-year licenses expired and in that year also legislation was passed to cancel a number of licenses on the Island and in Labrador for noncompliance of various conditions under which the licenses had been issued (Newfoundland, 1951). This legislation had the effect of cancelling the remaining licenses in Labrador. The geographic location of areas cancelled is shown on Map 2 and a statistical summary is contained in Table IX.
**TABLE IX**

LABRADOR TIMBER LICENSES CANCELLED AND EXPIRED

1925-52

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Licenses</th>
<th>Area (sq. mi.)</th>
<th>Cancelled</th>
<th>Expired</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925</td>
<td>13</td>
<td>13,134</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1935¹</td>
<td>1</td>
<td>512</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>1</td>
<td>550</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>6</td>
<td>6,074</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>3</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>1952</td>
<td>9</td>
<td>4,205</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>32</strong></td>
<td><strong>24,472²</strong></td>
<td></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

¹Date assumed. License held by London Labrador Corporation. Last rent paid for 1928. License remained on the books of the Department up to mid-1930's.

²The total area of 24,475 square miles compares with 24,706 square miles on the 1923 map.

**SOURCE:** Compiled by the writer from information at the Crown Lands Registry and the Newfoundland Archives.

**Concentration of Timber Ownership**

In Labrador, there were only three occurrences which could be regarded as concentrations of timber ownership. The first of these occurred simply through the issue of a license for a very large area in 1910 to the Hamilton River Pulp and Lumber Company. The areas involved were a number of blocks centered around the western end of Lake
Melville (license area 20, Map 2, Appendix 7). In all, the license contained 5,963 square miles. It was held solely for speculative purposes.

The Hamilton River Pulp and Lumber Company was based at St. John's, and the officers of the Company were prominent members of the St. John's merchant class. The President was H.D. Reid and the directors included W.C. Job and R.B. Job who were fish merchants, and S.J. Foote who was a lawyer who had extensive dealings in timber license transactions (Reid, 1912). The Company was well connected politically and when advised in writing by the Minister of Mines and Agriculture that arrears in rent of $23,852 had to be paid (Blandford, 1915), was able to arrange to delay government action to have the license declared forfeited (Grave, 1915).

The anticipated profits from the sale of the license were substantial. In a letter to the Prime Minister, the solicitor for the Company outlined the need for government co-operation in the matter of water power rights and estimated the selling price:

1. MILL SITE. The property is very large and we may have to sell in two parts. All we want is that the Government will give us something to show investors that the question of a mill site can be easily settled even if we have to sell in two portions.

2. WATER POWER. This is the most important part of the whole matter. We ask that we shall be given at least one third of the water power developed by the Muskrat Falls - a most vital thing to anyone working
the properties. As you know, the law calls for a mill capable of cutting so much per day in proportion to the number of square miles leased. When I say that our property is half as large again as Harmsworth's you will understand the great and enormous amount of power required even to be within the law, to say nothing of what is required for other purposes. Compared to other properties in the vicinity of ours, our areas are from 100% tp (sic) 500% larger and requires investors (sic) must be made as attractive as possible. Our areas are large and we will sell for a large amount - over $1,000,000 (Warren, 1910).

Three days later the Colonial Secretary replied indicating that the Government would agree to the requests of the Company and that:

The Government will issue timber leases or pulp licenses to anyone who proposes to work the properties (Watson, 1910).

The license held by the Hamilton Pulp and Lumber Company was one of those cancelled in 1925 for nonpayment of rentals.

Between 1902 and 1911, eleven 50-year sawmill licenses were issued for the most accessible timber in the Sandwich Bay area on the Labrador coast. The total area contained in these licenses was 1,606 square miles. A St. John's firm, Job Brothers Company Limited, acquired these areas and in 1912, a 99-year license was issued to that Company for 1,640 square miles, which was essentially the same area covered by the previous eleven licenses. Also in 1912, another 99-year license was issued to W.C. Job (one of the principals of Job Brothers Company Limited) for 368 square miles adjacent to the 1,640 square-mile block. Thus, by 1912, licenses for 2,008 square miles
in the Sandwich Bay area had been issued to the Job interests.

Even before the 1912 licenses were issued, Job Brothers Company Limited sold its interest to a Quebec company called the Labrador Pulp and Lumber Company Limited (Smith, 1930). This company also acquired a license to 150 square miles on the Kenamu River, south of Lake Melville in 1918, which increased its total licensed area to 2,158 square miles. The company claimed it made a number of attempts to develop its licenses but no operations were established. The licenses were maintained in good standing by the payment of annual rentals amounting to $4,316 until they were finally cancelled in 1952. The 2,008 square-mile area is shown as license area number 9 on Map 2. For some reason (probably because it overlapped other licenses) the 150 square-mile area was not included in the 1923 map.

During the 1930's, a concentration of timber ownership occurred on the Labrador coast involving timber licenses located inland between Sandwich Bay and St. Lewis Inlet. The Labrador Development Company was controlled by Messrs. J.O. Williams and Company of Cardiff, Wales and was mainly interested in producing pitprops for export to Great Britain (Kennedy, 1955). The company operated from 1934 to 1942 and exported approximately 110,500 cunits of pitprops. Some details of the timber license acquisitions
of the company as recorded in the Registry of Deeds in St. John's are presented in Table X. The areas are shown as license numbers 4, 7, 8, 14, 15 and 44 on Map 2.

At an average annual export of 13,812 cunits, the operations of the Labrador Development Company at Port Hope Simpson were by far the largest logging operations in Labrador up to very recent times (Kennedy, 1955). The Government supported the operation with a loan for $194,000 which was secured by a mortgage on two timber licenses (see Table X). The reason for the cessation of operations in 1942 is not clear but the war effort would have had disruptive effects and there was some indication that the business was not managed as efficiently as it could have been. The company had accumulated a large limit area, far in excess of what was required for the limited operations that did occur. One license, a 2,434 square-mile area centered around the watershed of the Alexis River, would have been more than sufficient for initial operations and the company would have avoided capital costs of $182,000 for 3,640 square miles of licenses it did not use, plus annual recurring rentals of $7,280. Williams was submitting proposals to Government in 1949 for renewal of the operation but the Government refused and the licenses were cancelled (Kennedy, 1955).

**Failure of Development to Occur**

The policy applied to the issuance of timber licenses for Labrador was essentially the same as that for
<table>
<thead>
<tr>
<th>Date Acquired from</th>
<th>Map License No.</th>
<th>Area</th>
<th>Total Consideration ($)</th>
<th>Per Sq. Mi.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandwich Bay Timber Co. Ltd.</td>
<td>14</td>
<td>1,600</td>
<td>42,400</td>
<td>26.5</td>
</tr>
<tr>
<td>1934 Japp Latch &amp; Co.</td>
<td>8,44</td>
<td>1,160</td>
<td>99,800</td>
<td>86.0</td>
</tr>
<tr>
<td>1935 Riordon et al.</td>
<td>7</td>
<td>800</td>
<td>30,000</td>
<td>37.5</td>
</tr>
<tr>
<td>1937 Williams, J.O.</td>
<td>15</td>
<td>80</td>
<td>10,000</td>
<td>125.0</td>
</tr>
<tr>
<td>1937 Tobin et al.</td>
<td>4</td>
<td>2,434</td>
<td>100,000</td>
<td>41.1</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>6,074</td>
<td>282,200</td>
<td>46.5</td>
</tr>
</tbody>
</table>

The consideration was $20,000 plus unspecified back rentals (Registry of Deeds V.133-F.392). Records of the Department of Agriculture and Mines indicate that the rent had been paid up to November, 1928. The back rent to November 1935 would be $22,400, making the estimated total consideration $42,400.

In May, 1935 these licenses were put up as collateral to secure a mortgage from the Newfoundland Government for $194,000 (Registry of Deeds, V.132-F.330).

Williams acquired the license in 1935 for $5,000 plus unspecified other consideration (Registry of Deeds, V.134-F.292). He transferred it to the Company in 1937 for $10,000 or $125 per square mile which appears quite high compared to prices paid for other licenses.

$25,000 was paid in cash, sellers took a mortgage for the balance (Registry of Deeds, V.140-F.379).

Sources: Compiled by the writer from records of the Department of Forestry and Agriculture and the Registry of Deeds.
the Island. The only exception appears to be that the royalty charge on lumber was 25¢ per thousand board feet compared with 50¢ charged in licenses issued for the Island. No other allowance was made for the fact that Labrador timber areas were much more inaccessible than those on the Island and that the Government knew practically nothing about the quantity and quality of timber. Remoteness and the lack of knowledge of the timber seems to have encouraged speculators to apply for licenses for large areas. As the figures in Table XI indicate, the average license issued for Labrador was about 5.5 times the average license issued for the Island. Only 97 licenses were issued for Labrador.

TABLE XI

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ISLAND</th>
<th>LABRADOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Licenses Issued</td>
<td>386</td>
<td>97</td>
</tr>
<tr>
<td>Gross Area (sq. mi.)</td>
<td>50,878</td>
<td>69,773</td>
</tr>
<tr>
<td>Average Size License (sq. mi.)</td>
<td>132</td>
<td>719</td>
</tr>
</tbody>
</table>

SOURCE: Data from Tables II, III and IV.

cmpared with 385 for the Island, but those that did speculate in Labrador applied for large areas, presumably to limit competition and to include as much good timber land in the license as possible.
In addition to the usual difficulties of establishing pioneer sawmills or pulp mills in isolated areas with practically no infrastructure and with very poor transportation and communication facilities, a number of additional factors operated to deter development efforts in Labrador. These are outlined below.

**Labrador Boundary Dispute**

MacKay (1946) has described the circumstances surrounding this dispute. For various reasons the actual boundary between Quebec and Newfoundland in Labrador had not been accurately defined up to the late 1800's. In 1763 the administration of the Labrador coast was made part of the responsibilities of the Naval Governor of Newfoundland. In 1774 the area was transferred to Canada. This arrangement proved to be unsatisfactory and jurisdiction of the coast was reassigned to Newfoundland in 1809. In 1825, under the provision of the British North America (Seignorial Rights) Act, all of the coast west of Anse Sablon in the Strait of Belle Isle was reassigned to Lower Canada, and the section to the north remained under the administration of Newfoundland. This settled the issue of jurisdiction of the coast but ownership of the interior remained unresolved and there was little effort to settle the matter until interest in the economic potential of the area developed at the turn of the century. In 1902 the Grand River Pulp and Lumber Company was attempting to develop some license
areas it had at the western end of Lake Melville. The company found itself caught between conflicting claims of Newfoundland and Quebec since the governments of both claimed jurisdiction over the Lake Melville area. The company decided to deal with the Newfoundland Government and left Newfoundland and Canada to settle the dispute. The Government of Quebec asked the Dominion Government to arrange for the submission of the boundary question to the Judicial Committee of the Privy Council. The Newfoundland Government agreed to this proposition in 1907, but because of interruptions due to World War I, agreement on terms of reference was not reached until 1920. In 1926, the dispute was finally submitted to the Privy Council and on March 1, 1927 Newfoundland was awarded jurisdiction of the 111,750 square miles which presently constitute Newfoundland Labrador.

The effect of the boundary dispute on development of license areas was severe. While jurisdiction of the territory remained unclear license holders could not establish clear title and found it very difficult to interest capital in development projects. The problems faced by the Hamilton Pulp and Lumber Company Limited serve to illustrate the problem:

The Company on two occasions, within the past twelve months, had most advantageously placed their timber property in the hands of English Capitalists, but when the question of title arose, owing to the claim set up by the Quebec Government, presumably under the Act passed by the Quebec Legislature in 1898, appropriat-
ing all the Southern side of Hamilton Inlet, until it meets with the boundary of the territory of Newfoundland, and the fact that our Government, up to the present time, has not had the Colony's boundary defined, the parties whom the Company was negotiating with refused to finalize the purchase because of the uncertainty of the Company's title. The Directors wish to point out to the Government that since their acquisition of this property they have paid into the Crown Lands Department something like $50,000 in rents, and for plans, licenses, surveys and other expenses, something in the neighbourhood of $10,000, being a total outlay of $60,000. Owing to the uncertainty surrounding the title to this property given by the Government, the Directors find themselves in a very difficult position. Possessed of property which, when acquired from the Crown, there was no reason to doubt the bona fides of the title, but now, in their negotiations for the disposal of same, they find themselves confronted with the claim of ownership set up by the Quebec Government, and recently accentuated by the Dominion Parliament. This position would not be so embarrassing if it were not for the fact that the Crown rents are continually accruing, and within the next two weeks a demand will be made upon the Company for the payment of the further sum of $11,600 rent (Reid, 1912).

The company went on to request that the Government instruct the Crown Lands Department not to enforce the collection of the yearly rent until the boundary dispute was settled. The Colonial Secretary replied, however, that Government could not waive collection of the rent (Colonial Secretary, 1912).

The boundary dispute frustrated the plans of developers as well as speculators. The London and Labrador Corporation attributed difficulties in developing a 512 square-mile license in the western end of Lake Melville partly to "grave questions of title" (Gregg, 1929), and The Labrador Pulp and Lumber Company which held 2,008 square
miles at Sandwich Bay and 150 square miles in the Lake Melville area also cited the boundary dispute as an obstacle to its development plans (Smith, 1930). One company recounted the following:

In 1927 Baine, Johnston managed to interest a company in London headed by Sir James Calder, who was a leading London financier, and negotiations progressed to a point where all the necessary machinery to start a mill was actually shipped to St. John's, but because of the Labrador Boundary dispute the machinery lay at the Furness, Withy & Co. premises for a long time, and because of the company's fears that Labrador might have been awarded to Quebec, they dropped the subject and had the machinery returned to England (Cook, 1953).

World Wars I and II

The bulk of the licenses for Labrador were issued in the years immediately preceding the outbreak of World War I. The war caused difficulties for the Grand Falls mill on the Island (Lawrence, 1937) and was often given as a reason for postponement of planned projects. The war affected not only the capital markets but also made it impossible for some operators to get shipping to get exports to markets (Horwood Papers, 1927). The war thus made it practically impossible for holders of licenses issued just prior to 1914 to fulfill their commitments to erect sawmills or pulp and paper mills within the required time periods. The London Labrador Corporation, which appeared to be making sincere efforts to develop a 512 square-mile license area in Lake Melville, argued that the adverse effects of the war lingered long after the actual conflict was over and made
development projects in Labrador difficult well into the 1920's (Gregg, 1929).

Shortage of shipping was also a serious problem during World War II (MacKay, 1946) and this may have been a factor in the cessation of operations of the Labrador Development Company at Port Hope Simpson.

Litigation and the World Depression of the 1930's

After the Privy Council decision on the Labrador Boundary the Government decided:

... inasmuch as it might reasonably be argued on the part of the licensees that the uncertain condition of the title to Labrador rendered it difficult for them to carry out this condition (to erect a mill) in their Licenses, the Government would refrain for two years from taking measures for the cancellation of their licenses on the ground of nonperformance of this condition (Downey, 1928).

None of the license holders were able to comply with this condition and Government then indicated its intention to enforce forfeiture for noncompliance with the terms of the licenses by refusing to accept rent payments (which were payable in advance each year on November 30th) except those which would allow licenses to continue in effect until March 29th, 1929 (Downey, 1928). License holders protested this action as being unreasonable but in 1930 the Government proceeded with a test case in the Newfoundland Supreme Court for forfeiture of a license for 1,000 square miles originally issued to G.T. Jardine in 1915 (Horwood, Kent and Higgins, 1930). The court declared
the license properly forfeited but the licensees appealed to the Privy Council and the decision was reversed in 1932 (Russell et al., 1932).

The effect of the Government decision to declare the licenses forfeited as of March, 1929 was to rule out any possible development of license areas until 1932, when the world depression made possibility of large-scale development extremely remote.

**Inconsistent Government Policy**

During the years of the Bond Administration (1901-08) speculation tended to be discouraged without detriment to genuine developers (the Grand Falls and Bishop's Falls mills were both started during this period), by Government insistence on the execution by licensees of the performance clauses under which licenses were issued. During the Morris Administration, from 1909 to 1918, speculation was encouraged by relaxing the requirements for surveys to be carried out and by ignoring the fact that licensees were not erecting and operating sawmills or pulp mills as required. This was an informal policy which tended to work against the efforts of developers who were trying to operate within the requirements of the Crown Lands Act.

When the London Labrador Corporation tried to raise capital to develop its timber license in Labrador
in 1921, it found that investors would not consider the proposition unless the Corporation obtained a formal commitment from Government that the failure of the licensee to erect a mill within the required time in no way affected the title to the license (Morris, 1921). Morris\(^8\) indicated that the Government had given such undertakings in the past but apparently the Squires Administration (1919-1923), which was then in power (Noel, 1971), did not undertake to do this for the London Labrador Corporation. The corporation was thus hindered in developing its licenses by the ambiguous policies of the Newfoundland Government. According to the Crown Lands Act its licenses could be considered invalid but the relevant provisions had not been enforced for the hundreds of licenses that had previously been issued. Nevertheless potential investors in other countries, unfamiliar with the local situation, still required assurances from the Government that the licenses were valid. The Government failed to provide this assurance, so it was not surprising that the corporation did not proceed with its development plans.

The Squires Administration, which followed the Morris Administration, appears to have had little interest or time to devote to forest industrial development in Labrador. The problem of the London Labrador Corporation

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\(^8\)Lord Morris, the former Prime Minister, was then living in England and was writing to the Government on behalf of the Corporation.
was brought to the attention of the Prime Minister a number of times, over a period of over 20 months (Morris, 1921 and Warren, 1922) in 1921 and 1922, apparently without a decision being made on the matter.

The indifference of the first Squires Administration was followed by a further change of policy during the Monroe Administration (1924-1928). A hardening of Government attitude was indicated towards licensees who were delinquent in rent payments by a Minute of Council of June 2, 1925:

Committee had under consideration letter under date 28th May from the Minister of Agriculture and Mines on the subject of arrears in respect of timber licenses on Labrador, and it was ordered that the Minister of Agriculture and Mines be instructed to notify all such licensees of the cancellation of their licenses (Minute of Council, 1925).

The Monroe Administration also made the decision, already mentioned, to give holders of licenses to Labrador timber two years, from the decision of the Privy Council of March 1, 1927, in which to comply with the performance requirement of their licenses concerning the erection of sawmills or pulp mills. The second Squires Administration (1928-1932) continued this policy, refusing to accept further rent and advising license holders that, as far as the Government was concerned, the licenses were in default (Colonial Secretary, 1929).

As already indicated, the 1930 decision by the Supreme Court, which supported the Government's contention
that the Labrador licenses were in default, was reversed by the Privy Council decision of 1932, which stated in part:

... the condition set out as to the erection of a mill or factory had been broken once and for all in 1920, and forfeiture on that account had been waived by the acceptance of rent in 1928, and there had not been any later breach of a condition for which there was a right of forfeiture ... (Russell et al., 1932).

In discussing the case, the Privy Council was critical of the Government:

Although the time for the erection of the sawmill as required by the license ran out on March 12, 1918, and the time for the erection of the alternative factory ran out on March 12, 1920, the representatives of the Crown made no complaint. They did not seek to have fresh dates substituted by agreement. Neither did they claim that the license was at an end. On the contrary, they continued to accept without demur payment of the annual rent of 2000 dollars up to and including a payment made on May 25, 1928, which cleared the rent under the license up to November 30, 1928. This payment brought the total amount received by the Crown in respect of bonus and rent under the license to a sum in the neighbourhood of 30,000 dollars (Russell et al., 1932).

During the period 1934-1949, when Newfoundland was governed by a Commission, no further moves were made to declare Labrador licenses forfeited for any conditions other than nonpayment of rent. As already mentioned, in 1951 the Smallwood Administration passed the Timber Licenses (Reversion to Crown) Act which resulted in the cancellation of all licenses still in effect in 1952.
Post-Confederation Developments

After Confederation in 1949, the Smallwood Administration adopted a policy of granting relatively short-term options or agreements to large sections of Labrador during which time the prospective licensee had the exclusive right to survey and identify definite areas for licensing and development. In most cases the license to be issued was for 99 years. Various rental and stumpage rates were specified, depending upon the kind of timber to be cut and its ultimate use and destination. These agreements are summarized below.

Siegheim Lease

In 1951 the Government agreed to issue a lease for 10 years to 1,405 square miles at the western end of Lake Melville to a Dr. A. Siegheim of Germany (Newfoundland, 1951a). The agreement authorized the export of 170,000 cunits per year at a royalty charge of $4.25 per cunit. No work was done and the agreement was cancelled in 1953 (Kennedy, 1955).

The Newfoundland and Labrador Corporation (NALCO)

In agreements in 1951 and 1953 the Government granted the corporation the exclusive right for 5 years to survey and to explore 10,000 square miles in the Lake Melville area and 1,500 square miles in Western Labrador (Newfoundland, 1951b and 1953). At the end of the 5-year
term (1958) the Corporation was supposed to have selected a 5,000 square-mile area. It was then given until 1972 to further explore and develop the reduced area. On application during the exploration period, the Government agreed to issue a 99-year timber license at $2.00 per square mile rental. Royalty charge was to be $1.77 per cunit on wood exported with no royalty payable on wood processed within the province. No license was issued. The concession area of the company is shown in Figure 7.

The British Newfoundland Corporation (BRINCO)

In 1953, the Government granted the British Newfoundland Corporation a 20-year option (see Figure 7) on the former Seigheim area (Newfoundland, 1953a). During the option period the Corporation had the right to obtain a 99-year timber license at a yearly rent of $2.00 per square mile and a royalty charge of $1.18 per cunit on export wood. No license was issued.

International Forest Products

In 1953, the Government granted a 3-year option to International Forest Products Limited to survey the watersheds of the Eagle, Paradise, White Bear and Gilbert Rivers on the south Labrador Coast (Newfoundland, 1953b). During the option period the company had the right to select any areas it wanted from within the option area and to obtain a 40-year lease. The stated intention of the company was
FIGURE 7. Timber options held in Labrador during 1960's.
to set up a combined lumber and pulpwood operation. Royalty charges were set at $3.54 per cunit for export pulpwood and $2.36 per cunit for wood processed within the province in existing mills but no charge for pulpwood processed in a new mill. Royalties on lumber produced were to vary from $1.50 per M fbm to $2.50 per M fbm depending on mill output. No lease was issued.

Newfoundland Pulp and Chemical Company

In 1960, as part of its efforts to develop a third pulp and paper mill on the Island, the Smallwood Administration agreed to grant a 12-year exploration lease to the Newfoundland Pulp and Chemical Company if the company agreed to establish a mill on the Island (Newfoundland, 1960). The exploration lease covered practically all the timber on the watersheds of all rivers flowing into the Atlantic Ocean between the Quebec boundary to Kaipokok Bay (see Figure 7). The lease was to be for 99 years, renewable on similar terms and conditions for a further 99 years. The exploration lease expired in 1972.

Bowater Newfoundland Limited

In 1953, this company, through a local contractor, exported 1,200 cunits of pulpwood from Port Hope Simpson (Figure 1) on the east coast of Labrador (Kennedy, 1955). In 1962 the Government entered into an agreement with Bowater for the initiation of pulpwood logging operations
on the Alexis River (Newfoundland, 1962). The watershed of the river was exempted from the provisions of the agreement with Newfoundland Pulp and Chemical Company and Bowater was to get a 99-year lease. Royalty was to be eighty-nine cents a cunit on export pulpwood and fifty-nine cents for wood processed within the province. The company conducted a logging operation for a number of years but was forced to close because of difficult logging conditions and high costs. The license was not issued.

Other Operations

In 1954 the Anglo-Newfoundland Development Company, through a local contractor, cut 1,056 cunits of pulpwood at St. Michael's Bay on the Labrador coast (Kennedy, 1955). This wood was cut under short-term permit and the operation was not continued.

In 1969 large-scale logging operations were initiated in the Goose Bay area to supply up to 510,000 cunits per year to the linerboard mill at Stephenville. This output was never achieved but up to 150,000 cunits were cut annually under short-term permit until 1976 when the operation was closed as part of the phase out of the linerboard mill. A substantial Government program of access road construction was undertaken in the Goose Bay area to assist this operation.
In addition to the above, small-scale sawmill operations have been carried on in various settlements to supply local lumber requirements.

Summary

Neither the long-term licenses issued during the early part of the century nor the various option-license deals tried by the Smallwood Administration were very successful at encouraging development in Labrador. There were a variety of reasons for the failure of early license holders to develop their holdings. Some of these problems were beyond the power of any local government administration to correct. However, it does appear that on occasion, particularly in the late 1920's, government action hindered rather than encouraged development.

The historical record indicates that there have been numerous opportunities and quite a few genuine attempts made to develop the forest resources of Labrador. In most instances the developer was left on his own but in several cases government assistance was provided. Unfortunately, none of these development attempts have been successful to date.
CHAPTER VII
VALUE OF CUTTING RIGHTS ON THE ISLAND

The purpose of this chapter is to review the estimates of historical value of timber licenses issued for the Island. What indications are there of surplus value or unappropriated economic rent in the timber on these licensed areas in excess of the annual contractual rental and royalty charges levied by the Government? Because of information and data limitations, an accurate estimate of the surplus value could not be made. Despite this, some information on timber license sales was uncovered which provides a rough indication of the value of cutting rights. Some information was also found on stumpage rates being paid during the 1920's and some published estimates of value for the limit areas of the pulp and paper mills at Grand Falls and Corner Brook are also presented.

The Market For Timber Licenses

...in accordance with the general practice throughout the whole of North America, speculation in timber lands was carried on with both zest and enthusiasm. In Newfoundland also, not only our prosperous businessmen but also doctors, lawyers and any citizen who possibly could, got into the act, until by 1910 there was scarcely an acre of timber held by the Crown except the three mile limit... (Kennedy, 1955).
There was no shortage of applicants for licenses for Crown land timber areas and once issued, these licenses were bought and sold as speculators tried to make capital gains and as genuine developers sought to consolidate economic wood supply areas for proposed processing plants. Kennedy (1955) listed 26 timber license transactions (recorded in the Registry of Deeds) made by H.J. Crowe as part of his efforts to get mills established in various parts of the country, and he may have made many other license deals, which were never registered. Although Crowe came to Newfoundland almost penniless in the early 1900's, when he died in 1928 he reportedly left an estate valued at about $800,000 (Kennedy, 1955). Crowe was but one of a group of active traders in timber licenses. For example, records at the Registry of Deeds show that a Crown land surveyor, W.H. Taylor, was involved in at least 46 transactions involving timber lands in the early 1900's.

The buying and selling of timber licenses created a market price for timber cutting rights. The prices paid for these licenses reflected the value of timber rights at the time, over and above the annual rentals charged by the Government. Timber license sales are, therefore, of interest because they provide an indication as to what this 'surplus' value was at various points in time.

In order to document timber license sales, and to get an estimate of value per unit of area (square mile) it
was necessary to obtain the following information on any one transaction:

1) Name of seller
2) Name of buyer
3) Date
4) Location of license
5) Crown Lands Registry Volume and Folio Number of License
6) Consideration or purchase price
7) Area of license.

Once the area and the selling price were known, an average value per square mile could be assigned to a particular licensed area at a particular time. There are of course serious limitations to this figure as an indicator of value. The area figure is gross area indicated on the license document and not productive or merchantable forest area. The proportion of merchantable forest to barren, bog, water and nonmerchantable forest varied widely from place to place and (because of cutting and fires) from time to time. Because of inadequate information many buyers and sellers only had very vague second-hand information on the quantity and the quality of the timber on a particular license. The exceptions to this appear to have been the larger companies which employed their own timber cruisers to assess licenses before purchases were made.
Not only is the merchantable forest area of licenses difficult to determine at this stage but information on timber volume is also lacking. Licenses were acquired so that the developer could have access to the timber on them. The records at the Registry of Deeds do not normally give any indication of the volume of timber involved. The volume and quality of timber varied widely among licenses but only rarely is it possible to identify an estimated volume figure with the price paid for a license to get an estimated value on a unit volume basis. This is unfortunate because the estimated volume would logically have been the most important determinant of price paid for timber licenses in any area.

In spite of the above limitations, prices paid for timber licenses do allow a general estimate of the average value of these licenses at various times. For the most part these are the only indications remaining of historical values of timber in Newfoundland.

A number of sources were used in attempting to compile information on timber license sales. The primary source was the Registry of Deeds of the Department of Forestry and Agriculture of the Newfoundland Government at the Confederation Building in St. John's. Many of the conveyances by which cutting rights were transferred were registered and if the names of the principals are known along with the general period of the sale, it is possible
to examine a copy of the original document. In this way, it is usually possible to obtain the Crown Lands Volume and Folio Number of the license, the general location of the license and the number of square miles of timber land involved. Unfortunately the consideration or selling price of the license is not always given. In such cases the transaction cannot be used as an indicator of the value of cutting rights.

A second problem encountered in assessing the consideration to be assigned to the licensed area was that, in many cases, timber licenses were traded as part of a package deal which included other items such as fee simple grants of land, sawmills and related buildings, dams, wharves and other improvements. In these cases it was impossible to clearly identify the value assigned to the timber and the transaction could not be used as an indicator of the value of cutting rights. The acquisition by the Anglo-Newfoundland Development Company of the limits of the Terra Nova Sulphite Company, and the Albert E. Reed Company; and the Bowater acquisition of the Corner Brook mill and the Gander limits; were deals of this nature.

Secondary sources of information on timber license sales were Government records at the Archives, in the Crown Lands Registry and certain Government files which were made available to the writer through the co-operation of the Department of Forestry and Agriculture. These records were mainly useful in that they often provided names and
dates of sales, which could then be searched at the Registry of Deeds.

Sales of Timber Licenses

In all, the selling price and area were established for 67 license sales on the Island, which occurred between 1903 and 1959. A detailed listing of these sales is contained in Appendix 6, and this information is summarized below in Table XII. In Figure 8 average values per square mile for individual sales are plotted over time.

<table>
<thead>
<tr>
<th>Time period</th>
<th>No. sales</th>
<th>Total area sold</th>
<th>Total amt. paid</th>
<th>Average price per sq. mi. ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901-10</td>
<td>20</td>
<td>3,323</td>
<td>624,117</td>
<td>188</td>
</tr>
<tr>
<td>1911-20</td>
<td>14</td>
<td>2,776</td>
<td>254,651</td>
<td>92</td>
</tr>
<tr>
<td>1921-30</td>
<td>22</td>
<td>3,855</td>
<td>2,109,425</td>
<td>547</td>
</tr>
<tr>
<td>1931-40</td>
<td>4</td>
<td>1,224</td>
<td>139,500</td>
<td>114</td>
</tr>
<tr>
<td>1941-50</td>
<td>4</td>
<td>171</td>
<td>134,000</td>
<td>784</td>
</tr>
<tr>
<td>1951-60</td>
<td>3</td>
<td>289</td>
<td>326,000</td>
<td>1,128</td>
</tr>
</tbody>
</table>

**SOURCE:** Compiled by the writer from information at the Registry of Deeds.

Thirty-four (51 per cent) of the 67 sales occurred before 1921. The average price per square mile paid between 1901 and 1910 was $188. This dropped to $92 during the
Figure 8 - Average Price Per Square Mile Paid In Timber License Sales - Island

NOTE: Average price for decade is plotted over mid point of decade regardless of distribution of sales within the 10-year period.
period from 1911-1920, possibly reflecting the disruptive effects of World War I on forest-based development in Newfoundland. If the statistics for these two periods are combined, the total area sold becomes 6,099 square miles, the total amount paid becomes $878,768 and the average selling price per square mile becomes $144.

From Table III it can be calculated that between 1901 and 1920 a net area of 17,214 square miles was licensed on the Island. This represented 86 per cent of the total net area licensed. If the average value ($144) calculated for the 34 documented timber licenses is multiplied by the total area licensed, a very rough indication of the market value of these licenses, over and above the rentals charged, can be obtained. This amounts to $2,479 million.

By far the greatest dollar value of trading in timber licenses occurred during the 1920's. There were a number of major developments underway at this time in the pulp and paper industry and these appear to have had a positive effect on prices paid for timber licenses. The Reid Newfoundland Company, through its subsidiary Mines and Forests Limited, was buying up licenses to consolidate a timber limit for its proposed newsprint mill on the Gander River. In six purchases made between 1924 and 1928, $650,464 was paid for a total of 982 square miles. The average price per square mile was $622.
The Corner Brook development was also underway during the 1920's and this appears to have had a stronger influence on timber license values than the purchases by Mines and Forests. Of the 22 documented sales of licenses, 9 were purchases made for the Corner Brook mill (see Appendix 6). The total area involved was 1,270 square miles at a cost of $1,166,508, or $919 per square mile. These purchases included a 33 square-mile area adjacent to Grand Lake which cost $75,000 or $2,273 per square mile, and a 21 square-mile area in White Bay which cost $37,224 or $1,773 per square mile. These were the highest average prices documented for timber licenses in Newfoundland.

The variation in prices paid on a square-mile basis is considerable as indicated by the plotted values in Figure 8. A number of factors would logically be expected to account for this variation including:

1) the volume of timber which the buyer and seller estimated for the area,
2) the strategic importance of the timber in a particular area to the buyer,
3) relative bargaining strength of the buyer and the seller,
4) the amount of risk and uncertainty associated with development of the license,
5) anticipated logging costs,
6) value of the product that was to be produced.
Unfortunately, the limited information available does not allow a more detailed examination of the causes of the variation in prices paid.

After 1930 there were only 11 documented purchases of timber licenses. Five of these were made for the Corner Brook mill, three for the Grand Falls mill and two represent payments made by Government to compensate licensees for the loss of areas which were expropriated by the Crown. While the average price per square mile dropped to $114 during the 1930's, it rose to $784 during the 1940's and $1,128 during the 1950's.

Overall, the average price per square mile for recorded timber license sales rose from $188 for the decade 1901-10 to $1,128 for the decade 1951-60 (Table XII). This is an indicated increase in value in current dollars of 600 per cent. The average Canadian wholesale price index figures for wood, wood products and paper for these two decades are 69.7 and 296.7 respectively (Urquhart and Buckley, 1971). This indicates a price increase for these products of 426 per cent. It therefore appears that there has been a long-term increasing trend in real timber values in Newfoundland. Deflating average prices for the decade 1951-60 ($1,128 per square mile) by the increase in the wholesale price index (4.26 times) gives a present value of
approximately $265 per square mile for the decade 1901-10. Since the average value of timber licenses traded in this period was $188, the apparent increase in real value from 1901-10 to 1951-60 is $77 per square mile or 41 per cent.

Some General Estimates of Timber Limit Values

Reid Newfoundland Company

In assembling a limit area for the Gander project in the 1920's the Reid Newfoundland Company operated under a set of firm guidelines:

It may be well to record the fact that our timber land purchases are invariably regulated by the results of actual cruises, and the price is almost invariably based on the estimated number of cords of wood on the area, regardless of its surface content. This means we are paying for timber, not for barren land or lakes (Reid Papers, 1926).

A second memo found in the Reid Papers gives an indication of the price the Company expected to pay for limits to be acquired for the Gander project:

Attached is the form of Option we are using in connection with the purchase of the above lands, amounting to about 900,000 acres. The chief condition is that the price is fixed by the yield of wood per acre. The estimated average yield of 3½ cords per acre would give a price of seventy cents (70¢) per acre... (Reid Papers, 1924).

The indicated price per cunit that the Company was willing to pay was thus $0.24, and the indicated price per square mile was $4.48. The Company did somewhat better than this in some of the purchases it made. As can be seen from
Appendix 6, during the 1920's the Company made 5 purchases of a total of 501 square miles at an average price of $322 per square mile.

In 1925 Mines and Forests entered into an agreement with A. Fortin and J. Rousseau to acquire two timber licenses held by them on the Baie Verte Peninsula which contained a total of 481 square miles (Registry of Deeds, 1925). The purchase price was to be based on a price of 35 cents per cunit of pulpwood and the amount of wood was to be determined by a cruise to be carried out by the purchaser, and verified by a cruiser appointed by the seller. The agreement was subject to cancellation if the volume of timber was found to be less than 523,330 cunits or 1.7 cunits per acre. In 1928 Mines and Forests bought the two licenses for $489,066 (Registry of Deeds, 1928). The indicated volume at $0.35 per cunit was approximately 1,397,000 cunits. The value paid per square mile was $1,017.

Corner Brook and Grand Falls Mills

General statements have been made about the cost of acquisition of the limit areas of both the Corner Brook and Grand Falls mills. In 1967 a Royal Commission indicated that the Bowater limit areas had been acquired for a consideration of some $15 million (Pushie, 1967). The Royal Commission on Forestry of 1955 stated that on the basis of
figures supplied to it by the Company it calculated that Bowater had paid about $0.71 per cunit for its standing timber. The Commission estimated the mature timber (80 years and over) on the Company's limit to average 12.24 cunits per acre and total 22.917 million cunits. This would indicate a value of $16.3 million in 1955 which is reasonably close to the $15 million quoted in the Pushie Royal Commission report. The limit areas could have had less volume on them when they were acquired than they did in 1955, and this could account for the difference in the two estimates.

A third estimate (source confidential) of the cost of acquisition of limits for the Corner Brook mill provides some interesting additional information. Apparently, up to 1928, $8.20 million had been paid for timber limits. When the International Paper Company acquired the mill in 1928, the amount allowed for value of timber limits was only $2.50 million. The seller, the Newfoundland Power and Paper Company (controlled by the Sir W.G. Armstrong Whitworth and Company Limited) absorbed a $5.70 million loss on limit values. From 1928 to 1972 an additional $7.05 million was paid for timber limit acquisitions and as of 1972 there was an unpaid balance of $0.79 million. Thus while $16.07 million was paid (or due to be paid) for the limits of the Corner Brook mill this includes a capital write-off of $5.70 million in 1928. This suggests that, at least as far
as the International Paper Corporation was concerned, the timber limits that had been acquired for the Corner Brook mill up to 1928 were grossly overvalued by the previous company, and too much had been paid for them.

The Bowater limits contain extensive areas of freehold land as well as timber licenses and some of the freehold areas may have been acquired for strategic corporate purposes. Thus all of the limit acquisition costs could not be attributed to timber cutting rights since these are only part of the total rights enjoyed by freehold owners. The exact amount that could be attributed to acquisition of timber cutting rights is not clear from the information available.

The 1955 Royal Commission on Forestry estimated that the average cost of standing timber acquired for the Grand Falls mill was $0.59 per cunit (Kennedy, 1955). The Commission calculated the mature timber on Company limits to be 11.642 million cunits. The indicated total cost is therefore $6.87 million. Marshall (1968) indicated that the limit areas were acquired for $4.5 million. The difference between the two estimates may be explained by the fact that the limits were acquired over a period of time and the standing volumes at the date of acquisition could have been quite a bit less than the volumes in 1955. Also, as with Bowater, the Company limits consisted of both freehold and licensed areas acquired for strategic
purposes as well as timber supply. There is insufficient information available to isolate timber values more precisely.

**Summary**

Timber licenses issued by the Government were marketable items and there was a considerable amount of trading in them by speculators and developers. Information gathered on documented sales indicates that for the period from 1901 to 1920 (when the bulk of the licenses for the Island were issued) the average market value for timber licenses on the Island was $144 per square mile. The market value of the licenses issued in excess of the rental and royalty rates was roughly estimated to total $2.479 million over the 20-year period. There was also a considerable amount of trading in timber licenses in the 1920's and prices increased. This was possibly caused by a number of acquisitions made for the Corner Brook mill and for the proposed mill for the Gander River. The drastic revaluation of the limits of the Corner Brook mill (from $8.20 million to $2.50 million) at the time of its sale in 1928 suggests that prices for timber rights may have been overvalued during the 1920's. Trading in timber licenses decreased sharply during the 1930's and average prices fell. During the 1940's and 1950's there were only a few sales, but average prices were high compared to previous decades. There has been an apparent increase in real timber values in Newfoundland for the period 1901-10 to 1951-60.
Stumpage rates paid by the Reid interests for wood for the planned mill on the Gander River ranged from $0.24 to $0.35 per cunit. The 1955 Royal Commission on Forestry estimated that the average cost of standing timber for the Corner Brook mill was $0.71 per cunit and $0.59 per cunit for the Grand Falls mill. Approximately $16 million was paid out over time for the limit area for the Corner Brook mill and estimates of cost for the limit area for the Grand Falls mill range from just under $4.5 million to $6.85 million. These figures are difficult to evaluate further because they include the value of fee simple holdings, with mineral rights, water power rights and other items as well as timber values.
CHAPTER VIII
DEVELOPMENT OF FOREST INDUSTRY

Sawmills

Construction of the railway in the 1890's was accompanied by an increase in both the number of sawmills and output of lumber. In 1884 there were 55 mills which produced 11.4 million board feet but by 1900 there were 195 mills and annual lumber production had risen to 43.6 million board feet. In 1910, the number of mills had increased to 347 but output of lumber had risen only marginally to 45.2 million board feet (Newfoundland, 1914). Although the number of mills increased to 690 in 1921 (Newfoundland, 1923a) and to about 1400 by the 1950's, lumber production did not increase proportionately. Available statistics indicate that annual production dropped sharply after 1921 and was below 30 million board feet until the 1940's and 1950's when industry output of over 60 million board feet was achieved in some years (Figure 9). During the 1960's and early 1970's output was less than 40 million board feet in most years.

Available figures on lumber exports also illustrate the temporary boom in the sawmill industry at the turn of the present century (Figure 10 and Table XIII). Exports for the

9The statistics for the 1920's and early 1930's may tend to underestimate actual production somewhat because government supervision of the industry was rather lax at the time.
Figure 9.- Lumber Production - Newfoundland, 1910-1973

NOTE: Separate statistics on production from Crown and private lands not available for period 1924-1941.
Figure 10.—Lumber Exports And Production Of Mills On Licensed Areas, 1890—1930
### TABLE XIII

**LUMBER EXPORTS**

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Lumber Exports For Period (M fbm)</th>
<th>Average Annual Exports (M fbm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1891-95</td>
<td>14,545</td>
<td>2,909</td>
</tr>
<tr>
<td>1896-1900</td>
<td>25,172</td>
<td>5,034</td>
</tr>
<tr>
<td>1901-05</td>
<td>65,820</td>
<td>13,164</td>
</tr>
<tr>
<td>1906-10</td>
<td>61,856</td>
<td>12,371</td>
</tr>
<tr>
<td>1911-15</td>
<td>11,337</td>
<td>2,267</td>
</tr>
<tr>
<td>1916-20</td>
<td>11,508</td>
<td>2,301</td>
</tr>
<tr>
<td>1921-25</td>
<td>5,871</td>
<td>1,174</td>
</tr>
</tbody>
</table>

**SOURCE:** Compiled by the writer from Newfoundland Customs Returns.

Year 1890 were very low (5.5 thousand board feet) but increased during the decade so that by the late 1890's shipments were averaging over 5 million board feet a year. Exports peaked in 1904, at almost 22 million board feet.\(^{10}\) Shipments averaged 12-13 million board feet for the period 1901-10 but after this fell sharply to just over 2 million. By the early 1920's shipments were down to almost 1 million

\(^{10}\)Kennedy (1955) stated that at the turn of the century annual lumber exports were in the order of 40-50 million board feet. Data compiled by the writer from Newfoundland Customs Returns and other sources, indicate that annual exports never reached that level.
board feet. As can be seen from Figure 10, by 1925 shipments were at a very low level, and lumber exports had practically ceased.

The installation of the paper and pulp mills at Grand Falls and Bishops Falls in 1905 and 1907 signalled the start of the process of exclusion of the sawmill industry from the timber lands of the interior of the island. As H.J. Crowe, Reids, and others bought up timber licenses for pulp and paper developments, less and less area was available for sawmill operators. Finally, by the 1920's, the only areas available to the industry were the three-mile limit, and a few isolated timber licenses and areas of inaccessible Crown land in the interior of the Island and in Labrador.

Turner noted the impact that the pulp and paper industry was having on the sawmill industry:

The reduction (in exports) has been caused by the companies who were formerly engaged in the sawmill business on a large scale transferring most of their limits to the proprietors of the pulp and paper companies, who are devoting all their energies to the building up of their new industry (Turner, 1914).

Turner also pointed out that all lumber exports came from mills operating on timber licenses.

In 1914 the Government tried to regulate the sawmill industry on the three-mile limit and passed the Saw Mills Act (Newfoundland, 1914a). This Act, as amended in 1915, provided for two kinds of annual mill operating
permits to be issued. The first class of permit was issued free to fishermen and allowed them to saw material for use in the fishery. The second class of permit was intended to allow small commercial sawmill operations on nonalienated Crown lands. A fee of $5.00 was assessed and a royalty of $1.00 per 1,000 board feet of lumber processed through the mill was charged.

This legislation legalized the operation of commercial mills on the three-mile limit. As the timber stands of the interior became committed to pulp and paper developments the sawmill industry was confined to the coastal forest for its log supply. The bulk of the lumber produced in Newfoundland since then has been produced by mills processing logs harvested on nonalienated Crown lands, the three-mile limit. Some production has continued from 'private' lands. The pulp and paper companies produce a small quantity of lumber for their own use and have on occasion allowed private mill operators to harvest limited quantities from their areas. However, as shown in Figure 9, production from private holdings has been consistently below production from nonalienated Crown lands since 1942.

On some parts of the coastal forest the sawmill industry was in direct competition with fishermen for limited supplies of wood. Where population was light, 11

11 These were actually called sawmill licenses but this term is not used here to avoid confusion with timber licenses.
small commercial mills could obtain adequate supplies of logs and fishermen could get firewood and other domestic wood supplies. However in the absence of any regulation, in areas where population was concentrated, severe over-cutting resulted in hardship for the local population. Ewbank described the situation the Commission found on the Bonavista Peninsula in the 1930's:

In the Bonavista Peninsula, taken as a whole, there is a population of about 11,500 people, and a stand of timber amounting to about 300,000 cords of soft wood. The consumption of wood by the existing seventy sawmills and by this population is more than twice as great as the annual increase. Last year we made a detailed survey of parts of the peninsula in order that we might come to closer grips with the problem. We found that in the area north of a line drawn from Trinity to Princeton there are about 230 square miles and a population of about 10,000 depended (sic) on a stand of about 60,000 cords of wood. If a line is drawn between Catalina and Wolf Head there is a population north of it amounting to 7,400 living in an area of sixty square miles almost completely deforested. The nearest timber available is a series of strips of cutover forest lying south of this boundary. During the winter a large number of families from the deforested area abandon their houses and move into shacks along the railway seventeen or eighteen miles from Bonavista. I will not attempt to describe the conditions under which they live in these winter shacks, but the necessity of moving to a place where they can keep warm gives them no choice.

The volume of timber in this stand is estimated at 22,000 cords. At the present rate of consumption it will be completely cut out in three years (Ewbank, 1939).

The scattered nature of the population and the need to utilize timber on the three-mile limit resulted in a lumber industry comprised exclusively of a large number
of small producing units. The 1955 Royal Commission briefly described the industry at the time of its enquiry:

There are no large sawmills remaining in operation in Newfoundland today. An annual cut exceeding 500,000 ft. bm. is exceptional. Of the 1400 odd 1953 sawmill licenses issued by the Department of Mines and Resources, over three quarters were for quantities under 50,000 ft. and these mills accounted for almost a third of the total cut. Some 170 mills were equipped with power carriages, the balance were manually operated. These last, the so-called "push-benches" may turn out anything from a few hundred feet up to 50,000 ft. or more per year. A considerable number are used by fishermen to produce their own and their neighbours' requirements and are operated only spasmodically (Kennedy, 1955).

The Commission felt there would always be a need for a Newfoundland sawmill industry and recommended a cut of 50 million board feet a year from Crown lands. It recommended a reduction in the number of 'push-bench' mills and the establishment of larger mills to produce well manufactured lumber. It felt, however, that there was little hope for the establishment of a sawmill industry in Newfoundland comparable to that found on the mainland because of the small size of local trees and because mill operators would not be able to pay wages comparable to those paid in the pulp and paper industry.

The structure of the lumber industry in Newfoundland has not changed appreciably since the Royal Commission study of 1955. The Federal-Provincial Task Force of 1973 recommended the establishment, at strategic locations on the Island, of larger mills capable of producing 5 to 10
million board feet per year (Sheppard and Carroll, 1973). Log supplies were made available (from nonalienated Crown lands and from licensed areas of the pulp and paper companies) and several of these mills were established. However, they have not proven to be successful commercial operations to date and the bulk of the provincial lumber production continues to come from small mills operating on nonalienated Crown lands.

The Pulp and Paper Industry

The pulp and paper industry grew steadily after the first large mill was established at Grand Falls. Statistics on industry shipments are summarized in Table XIV. Between 1911 and 1970 newsprint exports grew from 27 thousand tons to 682 thousand tons, which is equivalent to an annual compound growth rate of 5.6 per cent. Exports of pulp did not keep pace with newsprint and only ranged between 0 and 53 thousand tons for the years listed in Table XIV. Value of exports of newsprint and pulp increased from $1.564 million in 1911 to $93.281 million in 1970, equivalent to an annual compound growth rate of 7.2 per cent. Growth of the industry is also reflected in pulpwood production statistics (Table XV) which indicate an average annual harvest of 111 thousand cunits (which represented 28 per cent of the total softwood harvest) for the period 1911-15 and 663 thousand cunits (representing 77 per cent of the softwood harvest) for the period 1966-70.
## TABLE XIV

EXPORTS OF NEWSPRINT AND PULP FROM NEWFOUNDLAND FOR SELECTED YEARS FROM 1911 TO 1970

<table>
<thead>
<tr>
<th>Year</th>
<th>Newsprint Short Tons (x1000)</th>
<th>Value (x$1000)</th>
<th>Pulp Short Tons (x1000)</th>
<th>Value (x$1000)</th>
<th>Total Value (x$1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911</td>
<td>27</td>
<td>1,203</td>
<td>42</td>
<td>361</td>
<td>1,564</td>
</tr>
<tr>
<td>1920</td>
<td>62</td>
<td>4,646</td>
<td>27</td>
<td>346</td>
<td>4,892</td>
</tr>
<tr>
<td>1929</td>
<td>250</td>
<td>15,958</td>
<td>-</td>
<td>-</td>
<td>15,958</td>
</tr>
<tr>
<td>1940</td>
<td>343</td>
<td>18,120</td>
<td>23</td>
<td>1,355</td>
<td>19,475</td>
</tr>
<tr>
<td>1950</td>
<td>474</td>
<td>44,677</td>
<td>33</td>
<td>3,245</td>
<td>47,922</td>
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<tr>
<td>1960</td>
<td>544</td>
<td>63,778</td>
<td>53</td>
<td>5,247</td>
<td>69,025</td>
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<tr>
<td>1970</td>
<td>682</td>
<td>93,281</td>
<td>-</td>
<td>-</td>
<td>93,281</td>
</tr>
</tbody>
</table>

**SOURCES:**

Newfoundland Customs Returns

Kennedy, 1955

Newfoundland Forest Service
TABLE XV
FIVE-YEAR AVERAGES OF NEWFOUNDLAND
SOFTWOOD PRODUCTION
(Values in thousands of cunits)

<table>
<thead>
<tr>
<th>Period</th>
<th>Pulpwood for local mills</th>
<th>Roundwood for export</th>
<th>Fuelwood</th>
<th>Sawlogs</th>
<th>Misc.</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911-15</td>
<td>111</td>
<td>2</td>
<td>170</td>
<td>57</td>
<td>60</td>
<td>400</td>
</tr>
<tr>
<td>1916-20</td>
<td>77</td>
<td>24</td>
<td>172</td>
<td>37</td>
<td>54</td>
<td>364</td>
</tr>
<tr>
<td>1921-25</td>
<td>150</td>
<td>38</td>
<td>170</td>
<td>20</td>
<td>47</td>
<td>425</td>
</tr>
<tr>
<td>1926-30</td>
<td>260</td>
<td>25</td>
<td>165</td>
<td>31</td>
<td>41</td>
<td>522</td>
</tr>
<tr>
<td>1931-35</td>
<td>297</td>
<td>21</td>
<td>161</td>
<td>30</td>
<td>37</td>
<td>546</td>
</tr>
<tr>
<td>1936-40</td>
<td>400</td>
<td>82</td>
<td>156</td>
<td>50</td>
<td>35</td>
<td>723</td>
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<tr>
<td>1941-45</td>
<td>388</td>
<td>43</td>
<td>149</td>
<td>83</td>
<td>31</td>
<td>694</td>
</tr>
<tr>
<td>1946-50</td>
<td>618</td>
<td>64</td>
<td>141</td>
<td>96</td>
<td>27</td>
<td>946</td>
</tr>
<tr>
<td>1951-55</td>
<td>683</td>
<td>84</td>
<td>133</td>
<td>92</td>
<td>24</td>
<td>1016</td>
</tr>
<tr>
<td>1956-60</td>
<td>654</td>
<td>58</td>
<td>113</td>
<td>68</td>
<td>25</td>
<td>918</td>
</tr>
<tr>
<td>1961-65</td>
<td>569</td>
<td>85</td>
<td>88</td>
<td>57</td>
<td>23</td>
<td>822</td>
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<tr>
<td>1966-70</td>
<td>663</td>
<td>73</td>
<td>62</td>
<td>48</td>
<td>20</td>
<td>866</td>
</tr>
</tbody>
</table>

SOURCE: Newfoundland Forest Service Records.
Statistics on employment benefits generated by the processing and harvesting phases of the pulp and paper industry are not generally available for the period prior to 1939. Table XVI contains a summary of information that is available for the period 1939-53. Comparable statistics for the years 1963 and 1970 are included to illustrate general trends.

As can be seen from Table XVI, for the period 1939-41, the number employed in pulp and paper mills varied from about 7,300 to 9,000 and total annual wages and salaries paid ranged from about $6.5 million to $9.0 million. For the period 1947-53, total annual employment had decreased considerably and varied from about 2,750 to 4,600. Total annual wages and salaries ranged from about $10.5 million to $14.6 million. Total employment was about 3,000 in 1963 and 2,800 in 1970 but total wages and salaries had increased to $26.9 million by 1970.

By the late 1940's, the number employed in seasonal woods work was between 8,000 and 10,000 and total annual wages and salaries were in the order of $12 million. Due to mechanization of harvesting operations the number employed in harvesting was reduced to about 2,400 by 1970, but annual wages and salaries had increased to almost $17 million.

The overall impact of the pulp and paper industry on employment by 1947 was to provide work for 13,000 people
TABLE XVI
EMPLOYMENT IN THE PULP AND PAPER INDUSTRY IN NEWFOUNDLAND
FOR SELECTED YEARS FROM 1939 TO 1970

<table>
<thead>
<tr>
<th>Year</th>
<th>Processing Plants</th>
<th>Harvesting</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. Employed</td>
<td>Wages &amp; Salaries (x$1000)</td>
<td>No. Employed</td>
</tr>
<tr>
<td>1939</td>
<td>7,299</td>
<td>6,478</td>
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<tr>
<td>1940</td>
<td>8,981</td>
<td>8,964</td>
<td></td>
</tr>
<tr>
<td>1941</td>
<td>8,244</td>
<td>9,012</td>
<td></td>
</tr>
<tr>
<td>1947</td>
<td>4,577</td>
<td>11,866</td>
<td>9,742</td>
</tr>
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<td>1952¹</td>
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<td>2,823</td>
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SOURCES: MacKay, 1946
Dominion Bureau of Statistics, 1949
Kennedy, 1955
Newfoundland, 1970
Newfoundland, 1974a

¹Employment figures for 1952 are in man years and tend to underestimate the total number of people employed, especially in harvesting.
and total annual wages and salaries of $24 million. By 1970, the total number employed had been sharply reduced due to modernization of mills and mechanization of harvesting operations, but the total annual payroll for the industry had increased to about $44 million.

Thus, in contrast to the lumber industry, which experienced a brief period of expansion in the early 1900's but (except for a brief period in the late 1940's and early 1950's) failed to achieve higher production levels thereafter, the pulp and paper industry continuously increased its scale of operations and provided sustained employment and income benefits to the Newfoundland economy. This was the kind of benefit sought by the Government when the timber allocation policies were formulated at the turn of the century.

Although the mills at Grand Falls and Corner Brook grew over the years, it is not clear that they enjoyed abnormal profits as a result of the acquisition of their extensive interior limit areas. The Royal Commission on Forestry of 1955 (Kennedy) compared the competitive position of the two Newfoundland mills with similar mills in Eastern Canada and, while it concluded that the local mills should be in a satisfactory position vis-a-vis mainland mills, it did not point to any large overall advantage in wood costs, and did not recommend any new stumpage, royalty or tax charges to increase direct government revenues from company limits. As already indicated, the Atlantic Development Board (1968)
attributed a slow rate of growth in the pulp and paper industry in Newfoundland during the period 1950-65 to high wood fibre costs and Reed (1974) also indicated that pulpwood costs in Newfoundland are high compared to most other parts of Canada. While not providing conclusive evidence, these reports suggest that the Newfoundland timber resource is not significantly more valuable to the pulp and paper industry than the forest resource in most other Canadian provinces.

Recent Government Attempts to Promote Large-Scale Forest Industry

Since the last major consolidation of timber ownership took place in the late 1930's, the Government has made strenuous efforts to bring about the establishment of large-scale forest industry at two locations on the Island. Neither of these attempts has been successful to date.

Newsprint Mill for Eastern Newfoundland

The Royal Commission on Forestry of 1955 considered the problem of an additional newsprint mill for the Island. It concluded that there was sufficient wood to supply a third pulp and paper mill with a daily capacity of 450-500 tons and an annual wood requirement of 170,000 cunits (Kennedy, 1955), but such a mill could not be supplied from nonalienated Crown lands because they were too widely dispersed. The general location of the mill would be in the eastern part of the Island but an East Coast timber
limit to supply the mill could only be established by trading nonalienated Crown lands in other parts of the Island for limits held in central and eastern Newfoundland by owners of the mills at Grand Falls and Corner Brook.

The Royal Commission recommended that the Government negotiate with the two companies with a view to getting them to pool their resources and jointly establish a mill in eastern Newfoundland. The companies, however, were apparently not interested in this proposal and the Government embarked on a long search to find a reputable company willing to invest in a pulp or newsprint mill.

In 1961 the Premier announced in the legislature that the Government was involved in its eighth attempt to interest outside capital in the project. Seven previous attempts had 'failed completely' and success could not be guaranteed on this occasion (The Evening Telegram, 1961). The Speech from the Throne in January 1961 announced:

My Ministers continue to give the matter of a third mill based on the use of our natural resources of pulpwood and hydro power their most energetic attention. The creation of this third mill has been for them, almost from their assumption of office, the greatest single objective of Government policy...

My Ministers have for some weeks past conducted negotiations with existing paper companies, and they are gratified to find these companies taking a patriotic stand in the matter... Little if anything now stands in the way of a third mill except the need to make ample supplies of economic pulpwood available to it (MacPherson, 1961).
In other words, in the Government's view, the securing of a timber limit for the mill was the only thing preventing its establishment. The Government could not consolidate this area because large sections of forest land required for the mill were held under long-term license by the existing companies. To consolidate the required limit, there were two courses of action open to government. If the existing limit holders co-operated, voluntary limit exchanges could be made in which Crown lands in other parts of the Island would be exchanged for the East Coast limits of the companies. Alternatively the Government could enact legislation which would break the existing license agreements and, in effect, force limit exchanges. Although an Act was passed which enabled the Government to accomplish this, this course of action was never adopted (Newfoundland, 1961a), and the objective of establishing a newsprint mill on the East Coast of the Island was not achieved.

**Linerboard Mill in Western Newfoundland**

As already indicated (Chapter II), the Government was successful in bringing about the establishment of a linerboard mill at Stephenville on the West Coast of the Island in the late 1960's. As originally conceived, this mill was supposed to obtain its entire wood supply from the Lake Melville area of Labrador. However, the crown corporation established by the Government to take over and operate the mill in 1972, found the cost of wood from
Labrador to be prohibitively expensive. The Federal-Provincial Task Force on Forestry suggested that, in order to reduce raw material costs, at least half of the mill's wood requirements be obtained from the Island if at all possible (Sheppard and Carroll, 1973).

After the mill was completed by the Government in 1973, it was found that annual subsidies in excess of $25 million per year were required to cover operating losses. The mill was plagued by start-up problems, labour difficulties and soft markets for its product but the most serious difficulty identified in the 1976 Provincial Budget was the high cost of wood (Doody, 1976). In 1977, it was announced that the mill would close because the Government could no longer afford the subsidies necessary to keep it operating. The closing of the mill is a serious blow to the economy of the province since about 1,500 jobs will be lost. The Government is presently trying to arrange for the sale of the mill to private interests, so the final disposition of the plant is still uncertain.
PART III
EVALUATION OF HYPOTHESES

CHAPTER IX - INFLUENCE OF TRADITION AND HISTORICAL ATTITUDES ON PUBLIC TIMBER ALLOCATION POLICY

CHAPTER X - WERE TIMBER ALLOCATION POLICIES A GIVEAWAY?

CHAPTER XI - CONCENTRATION OF TIMBER OWNERSHIP
CHAPTER IX
INFLUENCE OF TRADITION AND HISTORICAL ATTITUDES ON PUBLIC TIMBER ALLOCATION POLICY

The first hypothesis, as stated in Chapter I was:

The pattern of use of the coastal forest resource was established centuries ago by transient fishermen and early settlers and this has had a profound influence on public timber allocation policy.

The early history of Newfoundland is of interest because some very important forest policy precedents were established, which are still in evidence today. The most striking of these is the policy of treating the coastal forests as a common property resource for the use of those engaged in the fishery. This principle was established as a custom in the early sixteenth century when the Newfoundland shore fishery began, was protected in Guy's Charter of 1610, and in subsequent government legislation and regulations until 1824 (MacKay, 1946). The Crown Lands Act contains the following provision:

No person shall cut or remove any trees from Crown Lands, except a maximum of two thousand cubic feet of timber cut for his own use, as firewood, in the fishery, in agriculture, or in occupations of a similar kind, unless he has obtained a permit from the Minister issued in accordance with this Act and the regulations (emphasis added).

There is no time limitation specified in the Act so there is no legal limit to the amount of wood that can be removed by a fisherman for his own use. A strip of nonalienated
Crown forest about three miles deep still exists around most of the coast of the Island of Newfoundland, and the above legislation applies except to some areas designated as special "Forest Management Areas". This then, must be one of the oldest forest policies in North America, since historical records indicate it has been in effect for over four hundred years.

The three mile limit was initially created, not by a specific piece of legislation but by the practice of Government in not issuing timber licenses or large fee simple grants to areas within three miles of the coast. It was not until 1930, when practically all the inland timber resources had been allocated to the private sector, that the Crown Lands Act specifically stated that licenses were not to be issued within this three mile zone.

Prior to 1930, the rights of the fishermen were protected in two ways. First, legal provisions were included in the various versions of the Crown Lands Act and in the licenses which gave the fishermen the right to obtain their domestic wood supplies from licensed areas. Also thirty days public notice in the press normally had to be given before a license could be issued. This gave objectors time to register a protest but proved inadequate as a safeguard in the 1920's, when a number of licenses were issued to parts of the three mile limit. Public
protests resulted in statutory backing being given to the three-mile limit in 1930.

The rights of the fishermen and settlers to the coastal forest were common property rights. During the whole of the first 400 year period there was no effective regulation of public use of the resource. In fact, only since the 1930's have there been serious attempts by Government to introduce forest management to this area.

The problem of introducing forest management to the coastal forest was aggravated to a certain extent by the failure of the sawmill industry that had been initially established on the licensed areas of the interior. After this, the interior forests were committed almost exclusively to pulpwood production and the coastal forest was the only source of log supply that remained for what was left of the sawmill industry. But the coastal forest was treated as a common property resource, so no effective limitations were imposed on the number of mills that could be established and operated in any one area. In many areas the result was serious overcutting as large numbers of small commercial sawmills competed with settlers for the limited wood supplies.

The political system described by Noel was still operating well into the present century and only recently has it been possible to introduce management controls to
parts of Crown lands in the coastal forest zone. The 1955 Royal Commission on Forestry noted the devastation resulting from uncontrolled cutting within the three-mile limit and recommended the establishment of forest management areas (Kennedy, 1955). However, such changes could only be made gradually, and with the consent of the rural population and their elected members in the House of Assembly.

The other early harbinger of future forest policy was contained in Guy's Charter of 1610 which conveyed complete property rights to inland areas beyond the sphere of interest of those engaged in the fishery. Consciously or unconsciously the legislators who drafted the agreements and laws which led to interior development in Newfoundland in the late nineteenth century adopted principles similar to those contained in Guy's Charter, which granted extensive private property rights to large areas of inland forests.

The anti-settlement policies of the British Government from 1634 to 1824, and the lack of civil government no doubt hindered the growth of institutions and the development of custodial attitudes towards the forest resource to a certain degree. Of considerable importance to the development of timber allocation policy was the cultural background and occupation of the settlers who immigrated to Newfoundland in the late eighteenth and early nineteenth centuries,
their life style, their dispersion in many small isolated fishing settlements around the coast, and the social and economic structure within which they lived. These were fishermen, not farmers, and their element was the sea, not the land. One would not expect them to be worried about inland forest resources or very concerned about their disposal and management as long as immediate personal requirements for fuel and timber were available from accessible coastal areas. While the general population was very sensitive about its rights to the coastal forests, decisions relating to exploitation of inland areas were left to a large extent to potential developers and those who controlled the Government in St. John's.

While the pattern of early settlement did have a profound influence on timber allocation policy for the coastal forest, its influence was considerably less for inland areas. The policy adopted for the interior of the Island and Labrador was similar to policies adopted in various provinces of Canada in that the resource was allocated to the private sector through the issue of long term leases and licenses. The influence of settlement on allocation policy for inland areas was thus passive in that it allowed the resource to be transferred to the private sector in a conventional way.
CHAPTER X

WERE TIMBER ALLOCATION POLICIES A GIVEAWAY?

The second hypothesis as stated in Chapter I was:

Early government timber allocation policies for the forest resources of the interior of the Island and for Labrador were a giveaway.

The evaluation of this hypothesis requires a judgement to be made on the value of the Newfoundland timber resource at the time it was being allocated. Was it a very rich resource that could yield significant economic rent, or was it a somewhat less valuable resource containing little, if any, potential surplus economic value? The following discussion on economic rent and timber resources provides a theoretical framework for the assessment of the value of this timber resource.

Economic Rent and Timber Resources

David Ricardo (1772-1823) is the classical economist credited with defining the concept of economic rent (Soule, 1952). Ricardo was concerned with the value of agricultural land in England which was considered to be fixed in supply. He observed that in an expanding economy, with population and the demand for farm products increasing, the best lands were developed first. As demand continued to grow, less productive land in outlying areas was developed. The most productive land near market centres
became more valuable than other lands. It yielded revenues in excess of the cost of the labour and capital required to bring it into production. This surplus was termed economic rent. Lands that can yield economic rents are referred to as intramarginal lands.

If quality of management and technology are assumed to be constant, the amount of rent that can be earned by any one section of land will depend upon the growing capacity of the soil, the demand for the products that are produced and the location relative to markets. Good quality land close to markets will tend to earn higher rents than low quality land in outlying areas. As land quality decreases and distance from markets increases, a point is reached where revenues from the goods produced will just equal the cost of labour and capital required to develop and work the land and no rent will be earned. Such land is referred to as marginal land. As one proceeds further from markets or to lower quality land, revenues from the crops produced will no longer equal the costs of production. Such areas are submarginal lands. Attempts are sometimes made to develop lands which are submarginal for a particular use, but (in the absence of subsidies) these attempts must fail because over the long run costs will exceed revenues.
Land can be intramarginal for more than one use, and land that is submarginal for some uses may be marginal or intramarginal for other uses. If the objective of the owner is rent maximization, he will allocate his land to the use which yields the greatest surplus of revenues over costs.

Size of land areas and scale of operations can also have an important influence on the rents that can be earned. Small individual parcels of land may be submarginal for a particular use, but if a number of areas can be combined under one owner or manager, marginal or intramarginal operations may be possible.

In an expanding economy the demand for land and land resources tends to increase over time. Marginal areas can become intramarginal and submarginal areas can become marginal. Similarly, in an economic depression, demand for land resources may fall and intramarginal areas may become marginal and marginal areas may become submarginal. Technological change can also have an influence on land values. Some products may become obsolete while new demands may be created for land resources which may affect the rents that can be earned.

While the early theory of economic rent was developed for agricultural land and farm products, it can be applied to other resources as well. Timber, like agriculture crops, is a land resource and there is considerable
variation in the quality of forest lands and the timber crops they can produce.

A high quality timber resource would imply extensive timber stands with high recoverable volumes per acre of merchantable timber located close to good utilization sites. This would favor the harvesting of wood at low cost for processing into lumber, pulp, paper or some other marketable wood product. Such a resource would likely be intramarginal and capable of yielding economic rents which could be collected by the owner through appropriate bonus, stumpage, royalty or rental charges, or through taxation. A low quality timber resource would imply high cost of wood delivered to the utilization site for reasons such as low merchantable volume per acre or poor location. Such a resource could be marginal or submarginal for the harvesting of wood for forest industries. Marginal timber resources may be developed but they will not yield economic rents to pay significant stumpage, royalty, land rent or taxation charges. Submarginal timber resources will not sustain development attempts in the long run.

The consideration of whether the early timber allocation policies of the Newfoundland Government were a giveaway or not requires an evaluation of the resource as being intramarginal, marginal or submarginal at the time it was allocated. Further, if the resource (or a part of it) was perceived to be intramarginal or marginal, it would be
relevant to identify the products that could have been produced, the appropriate size of utilization plant, and size of timber limit required to supply the plant(s). Finally it is necessary to assess the extent to which the Government was aware that parts of the resource were intramarginal, and what action could have been taken to collect the rents that were available.

If the government was aware that the resource was intramarginal and took no action to collect the rents that were available, then the timber allocation policies could be described as a giveaway unless rents were being consciously sacrificed to meet some other objective. However, if the government had good reason to believe that the resource was marginal or submarginal, then efforts to collect rents would not have been justified and would have only hindered the development of any marginal resources that existed.

Assessment of Timber Allocation Policy

The hypothesis implies that the interior forest resource was intramarginal at the time it was being allocated. The harvesting of the timber would produce revenues well above the costs of obtaining and holding the licenses, costs of logging and providing a normal return on investment for the operator. This surplus value or economic rent could have been appropriated by the government through the imposition of
higher rental fees, higher bonus, stumpage, or royalty charges, or through a tax of some kind. The government neglected to do this and the private timber owners were allowed to capture the surplus value for themselves.

The historical record indicates that the resource was not intramarginal at the time it was allocated, but later parts of it did become intramarginal. As shown in Chapter IV, the initial charges and terms and conditions contained in the early timber allocation legislation were fairly stringent. In the case of licenses for pulp mills, the Crown Lands Act of 1899 set a maximum license area of 150 square miles, a $5.00 per square mile bonus, and an annual rental of $3.00 per square mile. In addition, the licensee was required to spend a minimum of $20,000 on buildings and equipment within five years and pay for the license survey.

Development up to the early 1900's was slow, only one small pulp mill and some sawmills were erected.

In the special legislation for the Grand Falls development, some of these terms and conditions were considerably changed. The lease granted was for an area of 2,000 square miles compared to a maximum of 150 square miles in the Crown Lands Act. The lease was for both minerals and timber and was for 99 years, renewable under the original terms and conditions at the option of the lessee. The annual rent was set at $2.00 per square mile for forested areas and there was no bonus charge. A royalty charge for wood processed into lumber was stipulated.
This legislation indicates a considerable retreat by the government from the terms and conditions established in the Crown Lands Act of 1899. The indications are, that in order to achieve a desirable rate of development of inland forest areas, the Government was forced to relax its timber allocation policies. If these forest areas did in fact contain considerable surplus value or economic rent for the kind of processing plants envisaged by the Government, then a satisfactory rate of development should have been achieved under the more stringent terms and conditions of the 1899 Crown Lands Act.

The failure of the lumber export industry, which was initially based on wood supplies from inland forest areas, indicates that there was little economic rent to be earned through sawmill operations at the time the timber allocation policies were being developed. The mills established by Miller in central Newfoundland only operated for a few years before he decided to quit because of the low quality of sawlog supplies. Lumber exports declined sharply after 1911 as the various sawmills based on inland timber licenses ceased operating. Indications are that the lumber export industry collapsed for a combination of reasons. First, much of the timber resource of the interior, which was originally thought to be intramarginal for sawmills, proved to be marginal or submarginal. Second, available supplies of intramarginal sawmill timber were exhausted.
fairly quickly during the late 1800's and early 1900's. Third, during the early 1900's, developers perceived that the interior forest resource, that was proving to be largely marginal or submarginal for sawmill operations, would be intramarginal for pulp or paper mills. Timber licenses that had originally been taken out for sawmilling operations were sold to the developers of pulp and paper mills and committed to this use. The lumber industry thus lost its source of log supply in the interior of the Island.

There were 97 licenses issued for Labrador but none of these were successfully developed and by 1952 they had all expired or been cancelled. Although there were several unusual impediments to development in Labrador, it is difficult to escape the conclusion that, even if these barriers had not existed, the establishment of successful large-scale forest industry there was highly unlikely. After 1949, the government made the best forest areas available to a number of potential developers but even simple export pulpwood operations have not proven to be viable as yet. The recent experience of development attempts in Labrador indicate that the timber resource there is sub-marginal, or at best marginal, for large-scale forest-based development.

The history of the pulp and paper industry on the Island also suggests that in only a few cases was there any economic rent to be earned in the development of timber
lands for this purpose. Of ten major development attempts documented, only two could be considered successful long-term operations. The mills at Black River and Campbellton failed for technical reasons before the long-term viability of the timber limits could be established. The mill at Bishops Falls ran for 40 years, but initially it was not profitable and could only be continued as a supporting operation to the Grand Falls mill. The mill at Glovertown never operated and the Anglo-Newfoundland Development Company claimed it could not have been profitable.

Of the other development attempts, the limits for the proposed mill at Roti Bay, although large in area (3,125 square miles), were found to contain inadequate wood supplies and were definitely submarginal. The limits for the proposed Bonne Bay and Sopps Arm developments were relatively small (243 and 942 square miles respectively) and, in retrospect, it is difficult to see how successful mills could have been established in these areas. The Gander proposal of the Reids came close to being developed but even though the timber limits contained 3,152 square miles of relatively good quality forest in Central and Western Newfoundland, the scheme was not economically viable.

The two development attempts in the pulp and paper industry that have proven to be marginal or intramarginal over time are the mills at Grand Falls and Corner Brook. Their success, in the absence of government subsidies and
in contrast to the failure of other mills, indicates that viable operations in the pulp and paper industry were feasible at only two locations and only for large-scale mills. The owners of the Grand Falls mill paid $4.5 million for acquisition of limit areas between 1905 and 1962. Similarly the owners of the Corner Brook mill paid a total of $16.02 million between 1923 and 1953. This indicates that the interior timber resource was definitely intramarginal for the operation of these two mills. Unfortunately neither figure can be taken as an estimate of timber values alone, because other assets and property values were often included in a purchase and usually timber values were not recorded separately. However the main reason for most of the limit acquisitions for these mills was to obtain additional timber supplies. It is therefore reasonable to attribute most of the cost of limit acquisition to timber values.

Historical records of timber license sales indicate some surplus market value in excess of government charges. As shown in Chapter VII, between 1901 and 1920 (when most of the licenses were issued) the estimated market value of the licensed areas allocated was $144 per square mile, or $2.479 million. This surplus value is probably attributable as much to speculation as to the existence of real surplus economic rent in many of the timber licenses that were being traded. Indications are that even some of the larger (and presumably more sophisticated) companies paid more for timber
limits than they were really worth, probably in anticipation of increasing values. Up to 1928, $8.20 million had been paid for timber limits for the Corner Brook mill, but these were revalued at $2.50 million when the mill was acquired in that year by the International Paper Company. The Reid interests paid considerable sums for the timber they acquired in the 1920's for the proposed Gander development which failed to materialize. A number of developers lost the substantial investments they made to acquire and hold timber licenses in Labrador.

The $2.479 million estimate is an indication of the additional value that could have been recovered from the licensees if the objectives of government were solely revenue maximization and if it had been willing to proceed more slowly and allocate timber resources to the highest bidders over a longer period of time. But the main concern of government was rapid development of the resource and the outstanding feature of forest resource investments in Newfoundland during the early part of the present century was the high degree of risk involved. Any large-scale development had to be based on export markets which could not be influenced by local events or conditions. Besides these market uncertainties, investments in Newfoundland involved substantial additional risks. Public facilities and services were at a very low level and forest management and protection were largely the responsibility of the timber owner. In most
cases, knowledge of the quantity and quality of the timber was inadequate, and difficult and expensive to obtain. It is not surprising that the failure rate was high and that potential developers tried to obtain the best possible terms and conditions in their timber licenses. The government, anxious to increase job opportunities through the establishment of resource-based industries, was necessarily flexible when it came to agreeing to less stringent terms and conditions for the allocation of timber.

It was the element of risk then, which made it necessary to keep government resource charges at a low level. Since development was clearly perceived to be the responsibility of the private sector, significant incentives had to be provided to encourage investment. The $2.479 million is an indication of the cost (in foregone direct revenues) to the government of encouraging early development. This amounts to an average revenue loss of about $124,000 per year for the period 1901-1920, which although significant, would perhaps have been considered an acceptable cost if it could have been calculated at the time.

Prices for timber lands increased in the 1920’s, decreased in the 1930’s and rose again in the 1940’s and 1950’s. This reflects the changing expectations of buyers and sellers with respect to the capitalized value of rents that could be received by owners of the resource. Expectations were fairly high in the 1920’s because a number of
large-scale projects were in the planning and construction stages. The drop in value during the 1930's reflects the influence of the depression while the higher prices paid thereafter indicate increasing estimates of value for timber lands. It is reasonable to expect that sales of timber licenses would increase in value over time. As more knowledge about the resource was accumulated, low value areas would be identified and sales would tend to be concentrated in the higher value areas.

Even though two mills proved to be successful and indications are that economic rents were earned on the timber resource in the long run, it is difficult to see how the Government could have anticipated this at the time timber allocation policies were formulated. There was little knowledge of the resource and the Government had very limited capability to acquire such information. The resource proved to be submarginal for the small pulp mills and sawmills that were originally envisaged by the legislators. With evidence of failing forest industries all around and high unemployment, the Government was in no position to hold out for higher rents and royalties from potential developers. It also had no way of anticipating the kind of large-scale mills that eventually became established at Grand Falls and Corner Brook and the amounts their owners would be willing to pay for timber supplies. Any attempts by Government to recover some of this surplus timber value would probably have had the
effect of stifling the development that was occurring at the two viable pulp and paper mill sites on the Island.
CHAPTER XI
CONCENTRATION OF TIMBER OWNERSHIP

The third hypothesis, as stated in Chapter I was:

The early timber allocation policies led to undue concentration of ownership of the interior timber resource on the Island of Newfoundland.

Initially the timber allocation system encouraged a substantial number of development attempts by making it relatively easy for individuals or companies to acquire cutting rights to Crown timber. The timber ownership pattern of 1914 indicates that there was very little concentration of ownership at that point in time. Map 1 in Appendix 7 shows that the timber was initially owned by a large number of individuals and companies. All of these owners had the opportunity to develop their licenses. Many of the sawmills that were established failed as did most of the attempts to establish pulp mills. The concentration of timber ownership only occurred as it became apparent that the resource was marginal or submarginal for many of these proposed developments but intramarginal for larger mills like the one established at Grand Falls. This fact was recognized by both the Government and the license holders, and set the stage for the concentration of timber ownership that was to occur around the mill sites at Grand Falls and Corner Brook.
The timber allocation policies of the government did make it easy for the promoters of promising developments to acquire the licenses of others and facilitated the concentration of timber ownership that did occur on the Island. The market for timber licenses was effective in allocating timber from nonviable to viable development alternatives.

The limit areas of the Grand Falls and Corner Brook mills were fairly modest when these plants were first established (2,314 and 2,031 square miles respectively). Most of the additional areas of both companies were acquired by purchasing the timber licenses of others who, for various reasons, had not developed their licenses. As these other attempts failed, the licenses were purchased for the mills at Corner Brook and Grand Falls.

In the absence of information on the volumes of timber on licensed areas (at the time they were purchased) it is difficult to say, with precision, to what extent the Grand Falls and Corner Brook mills acquired timber in excess of their needs. As their limits became larger, both mills increased plant capacity. The capacity of the Grand Falls mill increased from 40,000 tons per year in 1909 to 350,000 tons in 1972. Similarly the Corner Brook mill increased in size from 120,000 tons per year in 1925 to 354,000 tons in 1972. While it is quite possible that both mills may have held timber volumes in excess of their
needs at various times in the past, it is not clear that there were other alternative economically viable large-scale development opportunities for this surplus timber during the first half of the present century. Any volume surplus to company needs would have been located in the more inaccessible parts of their limit areas, since neither company would likely be willing to part with wood supplies close to their mills. The history of development attempts at these other locations has not been good. Thus, while there may have been some surplus timber in a physical sense, it is doubtful that there were large surplus supplies of timber that could have been economically utilized by a large-scale industrial plant.

Some surplus wood supplies might possibly have been provided to the local sawmill industry to reduce cutting pressure on parts of the three-mile limit. There is no indication that the government requested this and in any case, the companies would have been reluctant to open up their limit areas to the kind of uncontrolled cutting that was practiced on the coastal forest. If company limits were made accessible to small sawmill operators in one area, there would immediately have been requests for cutting rights by mill operators in other areas and the companies could have lost control of the harvesting on substantial portions of their limits. The line separating the three mile limit from company-held areas thus became a kind of border that the companies defended against
encroachments from the rural population on the coast. The government, until recent years without accurate inventory information on the forests on either side of the border, and anxious not to disturb the company operations and the jobs they provided, did not press for any change in the status quo.

The development of inland forest areas resulted in substantial growth in the forestry sector. The historical record indicates that the timber allocation system facilitated this growth rather than retarding it. Benefits to the people in the form of jobs and income have been substantial since the early 1900's. It is possible to imagine other developments in the interior that might have resulted in additional jobs and income had additional timber resources been available. The historical record indicates that these resources were not available in sufficient quantity and quality, and the limiting factor to further large-scale development has been the marginal and sub-marginal quality of available timber supplies rather than the timber allocation system.

As indicated, since confederation with Canada in 1949, the Newfoundland Government has made strenuous efforts to bring about the establishment of additional large-scale forest-based industries. During the 1950's and 1960's the emphasis was on the establishment of a newsprint mill on the east coast of the Island. This
mill was never built so it is difficult to know for certain (without access to a considerable amount of confidential information) if it could have been economically viable, although the historical record of other development attempts casts some doubt on the matter. If, for the purposes of evaluation of policy, we assume that it was a potentially viable mill, then it can be said that the timber ownership pattern was a major impediment to its establishment. The Government, issuing 99-year licenses in the early 1900's with no effective provision for change in their terms and conditions, created obstacles to later initiatives in forest resource development. However, these terms and conditions were set to encourage a desired rate of development and represented a retreat from earlier positions taken by the Government. If the possible future concentration of timber ownership and impediments to action had been foreseen, greater effort might have been made to develop a more flexible timber license document. Alternatively, considering the priorities of the time, these possibilities, if they were considered at all, were probably dismissed as an acceptable cost of encouraging development in the short run.

If the east coast mill was not a potentially viable plant, then the fact that part of its proposed wood supply was tied up in long-term timber licenses held by others, is not a serious criticism of the early timber allocation policies. These policies would still have to
be judged as having allocated the resource to the most promising developments, which were the mills at Grand Falls and Corner Brook.

During the 1970's the linerboard mill was established at Stephenville. This plant was supposed to utilize wood from Labrador but this supply proved to be very expensive so attempts were made to secure part of the requirements from the Island. Some wood was obtained from both alienated and nonalienated crown lands but the company was still partially dependent on wood from Labrador and was not able to achieve an average wood cost low enough to make the mill viable as a linerboard producer. Beset by severe marketing problems and other difficulties as well, the mill was closed in 1977.

The question of interest here is the extent to which the early timber allocation policies and the resulting timber ownership pattern were responsible for the wood supply problems of the Stephenville linerboard mill. As has been shown, the Corner Brook mill was established long before the Stephenville mill and was based on the wood resources of the west coast, including the areas around Stephenville that were beyond the three-mile limit. These areas continue to form an important part of the economic wood supply for the Corner Brook mill. The Stephenville mill is located only sixty miles from Corner Brook (Figure 1). Aside from some limited areas of nonalienated
Crown lands, the only other wood supply for the Stephenville mill on the west coast is located on limits held by Bowater for the Corner Brook mill. Thus the most economic wood supply areas on the Island for both mills overlap and it is difficult to see how an extensive limit can be established near the Stephenville mill without having serious effects on the economic wood supply for the Corner Brook mill.

This problem is presently under intensive study and review by government and a solution may ultimately be found. The important point to note here is that the early timber allocation policies should not be held responsible for the present-day wood supply problems of the Stephenville mill. These are more a reflection on the inadequate planning which resulted in a mill being constructed without an economic wood supply being clearly established.

In summary, it can be said that the early timber allocation policies did lead to a concentration of timber ownership on the Island into two firms. There was also nothing in the timber allocation system to prevent these firms from acquiring timber resources in excess of their needs and this may have happened to a degree. Ownership of the interior forest resource by the pulp and paper companies has acted as a barrier to the re-entry of the lumber industry to inland timber areas. But it is difficult to say with any degree of certainty that significant portions of the interior resource would have proven to be intramarginal for this
industry had they been made available. Recent attempts by the lumber industry to establish on these interior areas with the co-operation of the pulp and paper companies and the Government, have not proven to be very successful to date (Chapter VIII).

Concentration of timber ownership in the two pulp and paper companies has also acted as a barrier to further large-scale forest development attempts on the Island. But it is by no means clear that there were sufficient resources in excess of the needs of the Grand Falls and Corner Brook mills to supply these other developments. The historic record suggests that the main impediment to the establishment of additional successful large-scale forest-based industry on the Island has not been the present timber ownership pattern resulting from the early timber allocation system but the lack of sufficient quantities of additional marginal and intramarginal timber to support economically viable plants.
PART IV

CONCLUSIONS

CHAPTER XII. CONCLUSIONS AND RECOMMENDATIONS
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Available evidence supports the first hypothesis, mainly with respect to the development of timber allocation policy for the coastal forest. The importance and special function of the coastal forest was implicitly recognized by the Government when the timber allocation system was developed during the late 1800's and early 1900's. In effect, the timber resource bordering the coast was retained in public, common property ownership, while the timber resource of the interior was allocated to the private sector for industrial development. The influence of early settlement on the development of interior areas was mainly passive, in that it allowed development to proceed, as it had in some other parts of North America.

The coastal forest or three-mile limit accounts for about one-third of the timber on the Island. Its unique, historic role is still important today and it should be formally sanctioned in an explicit statement of forest policy. The primary policy for the coastal forest should be to manage it for the continued production of wood products and other amenities for the local residents. Damage to the resource through common property use can be controlled by the government through the issue of cutting permits and regulation of
access. This kind of control has been successfully tried in a number of areas.

Parts of the coastal forest which can be shown to be surplus to the needs of local residents could be allocated to industrial use. This policy would make surplus timber supplies in the coastal forest available for possible expansion in the pulp and paper industry, or for the establishment of new wood-using industries.

The second hypothesis is not supported by the record. The early timber allocation policies for the forest resources of the interior were not a giveaway of economic rents at the time the resource was being allocated. Initially the Government tried to capture more economic rent through higher bonus and land rent charges but in order to encourage development it was forced to reduce these modest fees to even lower levels and extend the term of its timber licenses from 21 to 99 years. The terms and conditions of the timber licenses were a reflection of the marginal and submarginal nature of much of the resource at the time it was being allocated. The key developments for the interior in the early 1900's were the establishment of the mills at Grand Falls and Bishops Falls which were to be supplied from some of the best timber stands on the Island. Since the indications are that the Government got the best terms and conditions it could for access to the resource for the best development opportunities
then available, its timber allocation policies could not properly be described as a giveaway.

The value of cutting rights as indicated by the available information on license sales and the amounts later paid for timber limit acquisitions by the owners of the mills at Grand Falls and Corner Brook, do indicate that parts of the interior forest resource became intramarginal after the original allocations were made by Government. However, the relevant issue in assessing the policies as a giveaway, is whether or not significantly more rent could have been appropriated by Government at the time the resource was being allocated. Indications are that the Government appropriated as much rent as it could have at the time.

The third hypothesis is supported to a limited extent. Until recently the concentration of timber ownership on the Island did act as a barrier to the re-entry of the lumber industry onto interior forest areas. Some additional employment and income may have been lost as a result but it is not clear that substantial portions of the interior forest resource would have proven to be intramarginal for this industry. The concentration of timber ownership also acted as a barrier to entry for additional large-scale forest-based industry on the Island but it is doubtful that sufficient intramarginal resources, in excess of the requirements of the two established pulp and paper mills, existed to support these industries.
Substantial sums of money were paid by the owners of the Grand Falls and Corner Brook mills for the timber resources they acquired. All of their major timber limit purchases were made from companies or individuals who had failed to develop plants at other sites. The timber resource which was submarginal for these smaller scale developments proved to be intramarginal for these two mills. The concentration of timber ownership was therefore the result of a rational reallocation of timber resources from economically nonviable to economically viable developments.

For the inland forest areas, there was a considerable difference between the timber allocation procedures as outlined in the Crown Lands Act and the actual practice of the Government in the issue of timber licenses. Provisions of the Act requiring licensees to erect processing plants of given capacities within specified time periods were not enforced and many licenses which should have been cancelled for nonperformance according to the legislation were allowed to remain the property of the licensee. Speculation in licenses was encouraged. Also, there was some suggestion of conflict of interest among some members of the Government, who were also actively involved in promoting forest-based development. Because of the social structure of Newfoundland at the time (Chapter 3) this kind of activity was not strongly censured by the public.
However, it is not clear that this situation led to any long-term adverse effects on the establishment of forest industry. The procedures of the Crown Lands Act certainly made it more difficult for developers to acquire access to timber resources, than the procedures adopted by the Government. Since the main objective of Government was economic expansion, it could be argued that the easier it was for developers to gain access to timber supplies, the faster such expansion could occur. Thus, while the administrative procedures adopted by the Government may not have been in strict accord with the legislation, they were probably more efficient in allocating the resource to the private sector so that development could take place.

It was unfortunate that the legislation was not adjusted to more closely match conditions in the real world and to make it more compatible with the overall objective of rapid development. This made financing difficult for some projects because it brought the legality of the timber licenses into question, once the period for erection of plants had passed and they had not been built. This points out the need to have legislation which is practical and enforceable and which is not so rigid that it retards the development process.

The experience in Newfoundland indicates that, while timber allocation policies can allow development to occur, they will not necessarily ensure that it does occur.
The allocation procedures used were generally appropriate to the conditions of the time but many of the areas allocated, particularly in Labrador, were not developed. The allocation system played a permissive role in making the resource available, but the determining factors for development were the intramarginal, marginal or submarginal nature of the resource itself.

Three kinds of document were used to allocate the interior forest resource: freehold grants, a renewable timber lease, and nonrenewable timber licenses. The effect of all three was to transfer ownership of the resource to the private sector for indefinite or very long periods of time. Because the timber lease that was issued for the Grand Falls mill contained a clause that made it renewable in perpetuity, it approached a freehold grant in the kind of timber rights it conveyed to the lessee.

It is interesting to note that both the Grand Falls and Corner Brook mills started with a 'core' limit area of either freehold grants or a renewable timber lease and then expanded their control over the resource by acquiring non-renewable licenses. The historical record indicates that the securing of the 2000 square-mile renewable lease was an important consideration in the decision to invest in the Grand Falls mill. The importance of the availability of 1,750 square miles of freehold grants to the establishment of the Corner Brook mill is not clear from the information
studied but it could only have had a positive influence on the decision to go ahead with the project.

The differences between freehold grants and the renewable lease were not significant with respect to their effects on development. Timber licenses were significantly different in that they were not renewable and were due to expire in due course. While 21- and 50-year terms were adequate for sawmills, 99-year licenses appear to have been required for pulp mills. The wood supply areas of the pulp mills that were constructed at Black River, Bishops Falls, Campbellton and Glovertown were all comprised of 99-year licenses. While the owners of the mills at Grand Falls and Corner Brook used freehold grants or the renewable lease for their initial areas, they were quite willing to utilize 99-year nonrenewable licenses for the balance of their limits.

The combination of timber rights held by the owners of the Grand Falls and Corner Brook mills does provide the Government with some flexibility in the future. The licenses held by the Grand Falls mill will all expire between 2002 and 2027 while all licenses for the Corner Brook mill expire in 2037. As time passes, the term remaining on these licenses becomes shorter and the position of the Government relative to the companies becomes stronger, if it wishes to effect changes in tenure arrangements.

A major disadvantage of the renewable timber lease and timber licenses from the point of view of protection of
the public interest is that the terms and conditions are fixed indefinitely or for very long periods of time. The Government can perhaps unilaterally change these terms and conditions but only with difficulty and by breaking earlier commitments made to developers and investors. Accompanying publicity can have a negative impact on investor confidence in the ability of the Government to keep its word. This problem can be avoided in future, by making more flexible tenure arrangements that provide for charges to fluctuate with changing economic conditions and allow for re-negotiation of agreements in unusual circumstances which affect the public interest.

By fixing the charges for the timber lease and licenses that were issued, the Government deprived itself of some future revenues. As indicated in Chapter VIII, the average wholesale price index for wood, wood products and paper increased 4.26 times from the period 1901-10 to 1951-60. If the land rent charge had been linked to this index (on the assumption that timber values would at least maintain their position relative to end product values in the future), the Government would have been collecting $8.52 per square mile in the 1950's instead of $2.00 per square mile. Since the area under lease and license is approximately 16,000 square miles, the Government was losing over $104,000 per year in timber rentals in the 1950's. This situation can be avoided in the future by providing
for charges to be adjusted periodically, to reflect changes in the value of the resource.

The policy of the Newfoundland Government since 1949 of encouraging additional large-scale pulp and paper developments based on the forest resources of the Island and Labrador has to be questioned. The timber resource of Labrador has repeatedly proven to be submarginal for the various development attempts made there. The marginal and intramarginal forests in the interior of the Island have been allocated to the mills at Grand Falls and Corner Brook since the late 1930's. All attempts at pulp and paper development at other sites have failed. This suggests that there may be few, if any, development sites left with long-term intramarginal wood supplies to support further large-scale pulp and paper developments.

It is recommended that the policy of further large-scale forest industrial development on the Island be modified in favor of a more modest policy of using existing timber resources to preserve and expand established forest industry. This would allow for the maintenance and expansion of existing mills and perhaps for some expansion in the sawmill and other woods products industries, provided intramarginal timber supplies can be identified.

While historically the timber resources of Labrador and remote parts of the Island have proven to be submarginal for development, this may change in the future.
New markets for forest products, technological change and improved public transportation and communications facilities, may make these resources marginal or intramarginal. The prospects for these resources to support viable industries should be reviewed periodically to see if further development attempts should be encouraged.

In deciding on future timber allocation policy for nonalienated Crown forests and for timber licenses which will expire after the year 2000, the Government will still be confronted with the problem of setting appropriate terms and conditions for timber cutting rights. However, the knowledge of the resource is now much better than it was 70 years ago and more sophisticated techniques of economic analysis are now available to assess the intramarginal, marginal or submarginal nature of the resource and to evaluate in detail the options open to the policy makers. These aids should be used to the fullest extent in the future development of timber allocation policy in Newfoundland.
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APPENDIX 1

REVIEW OF NEWFOUNDLAND TIMBER ALLOCATION LEGISLATION
REVIEW OF NEWFOUNDLAND TIMBER ALLOCATION

Early Timber Disposal Legislation

Under Representative Government (1832-1855), legislation was formulated concerning the disposal of Crown lands. In 1844, an Act was passed allowing sale of fee simple grants of land by public auction with a minimum upset price of ten shillings per acre (Newfoundland, 1844). The lots offered for sale could not exceed 100 acres and five per cent of the lots had to be cultivated within five years. The Act was amended in 1845 and among other things, the cultivation clause was repealed (Newfoundland, 1845).

The Act of 1844 appeared to be aimed at encouraging ownership of land for agricultural and general settlement purposes, and to enable individuals with undisturbed occupancy claims to get legal title to their land. It was not designed to encourage resource development on a large scale.

Under Responsible Government in 1860, an Act was passed which allowed for a free 'License of Occupation' to a maximum of 50 acres to be granted for a period of 5 years to settlers, or for a maximum of 200 acres to be granted to sawmill operators (Newfoundland, 1860). Grants in fee could be issued for a nominal charge on successful performance of the conditions of the license. The Act also made provision
for the renting of Crown lands at public auction for the highest annual rent that could be obtained.

The first consolidation of statutes for Newfoundland was prepared in 1872 and this consolidation provides a good insight to forestry legislation as it existed at that time (Newfoundland, 1872). Up to this point, forestry legislation mainly dealt with procedures for the disposal of forest lands, and was part of the general legislation relating to Crown lands and natural resources. The areas involved were small, up to 200 acres for sawmills, and the legislation appeared to be aimed at encouraging settlement and the small-scale development of resources. The legislation generally links ownership of the timber land with ownership of the processing plant, e.g., a sawmill. Ownership of the land is conveyed to the owner of the mill, presumably to assure him of a supply of raw material.

The first piece of purely forestry legislation was passed in 1875 as an amendment to Chapters 45 and 46 of the 1872 Consolidation (Newfoundland, 1875). It was designed "to make provision respecting the sale and management of Timber on Crown Lands". The Act authorized the Governor in Council to grant licenses to cut timber on ungranted Crown lands, after proper surveys had been made, "subject to such conditions, regulations and restrictions, as may from time to time, be established by the Governor in Council. . ."
The maximum area to be licensed was "six miles long by six miles wide" for a period of one year. Renewal could be provided by orders in Council or by special provisions of the license. The license conveyed:

The right to take and keep exclusive possession of the Lands so described, subject to such regulations and restrictions as may be established; and such License shall vest in the holders thereof all rights of property whatsoever in all trees, timber and lumber, cut within the limits of the License during the term thereof, whether such trees, timber, or lumber are cut by the authority of the holder of such License or by any other person, with or without his consent...

Provided that nothing in this Act contained, shall affect the right of cutting wood for the purposes of fuel and the fishery.

The licensee was required to make sworn returns to the Surveyor General, itemizing the quantity of timber cut. Licenses were to be sold at public auction, and provision was made for collection of rents and timber dues which were to be set by regulation.

Provision was made for the granting of temporary licenses to "any Person who shall, previously to the passing of this Act, have erected a sawmill, or may now be engaged in such erections, and who is now engaged in lumbering operations," under conditions to be set by the Governor in Council. Such temporary licenses were not to confer greater privileges than were granted in other licenses issued under the Act.

The amendment of 1875 left a great deal to the discretion of the Governor in Council in setting the rents
and dues to be collected under the timber licenses. It was also completely concerned with timber disposal aspects and contained no provisions of a conservation or forest improvement nature. It probably did signify an increase in interest in the exploitation of interior forest resources since authority was provided for the licensing of substantial areas of up to 36 square miles.

Licenses for Sawmills

In 1884, an Act was passed which contained important forestry provisions (Newfoundland, 1884). The Act authorized the Governor in Council to "reserve and set apart" any tract of land as "timber lands", subject to necessary reservations for fishery purposes. The right to cut timber would be sold at 'a bonus per square mile' to be set according to the value of the limit. Twenty-one year timber licenses could be granted by the Governor in Council after one month's notice in the Royal Gazette, on certain conditions. The provision for sale by auction was dropped and no maximum area was specified. Among other things the licensee was required to:

1) erect a sawmill or other wood processing plant with a capacity of 1,000 board feet per 24 hours for every two and a half square miles of license area, and start to work the limit in the manner and to the extent provided
in the license within two years from the
date of issue,

2) take from every tree cut down all the timber
fit for use and manufacture it into sawn
lumber or such other saleable products as
provided for in the license or lease or by
any regulations made under the Act,

3) prevent all unnecessary destruction of growing
timber on the part of his men and to exercise
strict and constant supervision to prevent
the origin and spread of fires,

4) make sworn returns to government on lumber and
other products manufactured and sold,

5) pay a ground rent of two dollars per square
mile in addition to the bonus and "such
royalty as may be determined by the Governor
in Council, not exceeding five per cent on
the value of the timber cut".

The property rights that were being conveyed to
the holder of a license or lease issued under the Act were
described as follows:

The lease shall describe the lands upon which the
timber may be cut, and shall vest in the lessee
during its continuance the right to take and keep
exclusive possession of the lands so described,
subject to the conditions herein provided or
referred to, and such lease shall vest in the holder
thereof all right of property whatsoever in all trees
and timber cut within the limits of the lease during
the continuance thereof, whether such trees be cut by the authority of the holder of such lease or by any other person, with or without his consent.

The licensee could seize any timber cut without his authority and could bring legal action against those responsible. Mineral rights were not included in the license or lease, which was subject to forfeiture for infraction of any one of the conditions to which it was subject.

The licensee was also required to keep books on his operations for inspection by the Surveyor General, and penalties were provided for nonpayment of dues. The cutting of timber on ungranted Crown lands without a license was prohibited and penalties provided for offenders. It was stipulated that holders of timber licenses or leases could not interfere with public use of streams, lakes and portages for transport of timber products and for travelling through the interior.

The Act is significant in that it is obviously aimed at encouraging fairly large sawmill operations in the interior forested areas. Two clauses of a conservation or protection nature were included, concerning full utilization, and forest protection (see 2 and 3 above). These rather vague clauses (or variations of them) are to be found in most Newfoundland legislation relating to timber licenses or leases, and in many of the license documents themselves. Three kinds of fees were to be charged: an
annual rental of two dollars a square mile, a royalty to be set by Governor in Council but not to exceed 5 per cent of the value of the timber cut, and a bonus per square mile to vary according to the value of the limit. It is not clear from the Act, but presumably the Governor in Council was to set the bonus as well as the royalty charge.

Considering the stage of development of Newfoundland at this time, this Act should be considered as fairly well intentioned and progressive legislation. The maximum lease period was set at 21 years which is considerably less than the period granted in later leases and licenses. The legislation clearly ties the issuance of the license with the establishment of a sawmill or other wood processing plant within a limited period of time. The intention of government is obvious: to make the issuance of a timber lease or license conditional upon the establishment of a processing plant which will utilize the timber resource. Allocation of the timber resource is to be made only to those who will establish forest-based industries.

In the Act no distinction is made between the terms 'lease' and 'license'. Section 53 makes provision for timber licenses to be issued, but then goes on to describe the responsibilities of the 'lessee'. The two terms are used interchangeably even though they do have somewhat different legal meanings.
Another important aspect of the Act was the degree to which the Governor in Council was involved. The license was to be issued by the Governor in Council and returns had to be made to that body. The Governor in Council was also responsible for determining the royalty rate. The Surveyor General was also involved in inspection of record books to be kept by the licensee and also in seizure of timber for nonpayment of dues. However the Governor in Council made the final decision on forfeiture of the license. The Governor in Council was, of course, the Cabinet which was a highly political body. With so much involvement by the Governor in Council in the issuing and regulation of timber licenses, a very strong linkage was established between timber allocation policy and politics. Changes in the composition of the Cabinet could have had a very direct influence on administration and enforcement of the Act. Thus, while the Act itself might have been good legislation, the mechanism for administering and enforcement was not as stable as it could have been if some of the responsibilities of the Governor in Council had been delegated to a body less susceptible to political interference.

In 1885 an amendment to the 1884 Act was passed and the area allotment per 1,000 fbm of mill capacity was increased from 2.5 square miles to five square miles; and the royalty charge was fixed at 50 cents per 1,000 board feet of timber harvested (Newfoundland, 1885).
In 1890 the Crown Lands Act of 1884 was amended to provide for the issuance of timber licenses for pulp or pulp and paper manufacturing plants (Newfoundland, 1890). The Governor in Council was authorized to grant licenses for blocks of between 6 and 150 square miles for up to 99 years, subject to the following principal conditions:

1) Payment of $30 per square mile to the Surveyor General before issue of the license; and additional payments of $30 per square mile at the end of 25 years, 50 years, and 75 years, from date of issue.

2) The licensee was required to spend at least $3,000 per square mile within 5 years of date of issue on machinery and buildings to be used in the manufacture of 'paper pulp' within or near the licensed area.

3) The licensee was required to fully utilize trees cut down and to process them in his manufacturing plant.

4) The licensee was required to prevent unnecessary destruction to growing timber and to "exercise strict and constant supervision to prevent the origin and spread of fires..." He was also required to "preserve the growth of young timber trees and where necessary,
plant young trees so as to promote and secure the growth of a continuous existing forest".

5) The license was subject to forfeiture for infraction of any one of the conditions under which it was issued.

6) Employment in connection with development of the license, except skilled labour, was to be awarded to residents of Newfoundland.

The timber rights conveyed to the licensee were similar to those contained in licenses for sawmills and the usual provisions safeguarding public cutting rights for the fishery were included. The Act provided for timber to be harvested for public works from the licensed area without compensation and the licensee could not prevent clearing and cultivation of the land for agricultural purposes.

While the licensee was entitled to "take and keep exclusive possession of the lands so described for the purposes for which the license is granted", and was given "all right of property whatsoever in all trees and timber cut" these rights were restricted by the public access and fishery clauses. This would not be a serious problem in the interior, which was largely inaccessible to the public, but would tend to diminish the value of any timber license issued near a settled part of the coast. According to the Act, the public was free to use the licensee's logging roads
and harvest the timber these roads made accessible, as long as it was required for the "bona fide purposes of the fishery". Wood could also be harvested free of charge for public works provided the permission of the Surveyor General was first obtained. Property rights were to the "trees and timber" and not to the forest land.

The Act of 1890 was amended in the next year (Newfoundland, 1891). The payment of $30 per square mile was reduced to $20 and the expenditure requirement of $3,000 per square mile was reduced to $1,000. Further the requirement for the licensee to "plant young trees so as to promote and secure the growth of a continuous existing forest", was deleted.

One interesting aspect of the Act of 1890 and the amendment of 1891, is that no provision was made for a royalty charge on timber harvested. The land rental charges were the only revenues Government was to receive from these licenses. Holders of sawmill licenses on the other hand had to pay an initial bonus per square mile, an annual land rent of $2.00 per square mile, plus a royalty charge of 50 cents per 1,000 board feet harvested. The Government apparently felt the initial payment of $20 per square mile (in 1891) plus the requirement for expenditures to be made on capital mill facilities, ($1,000 per square mile in 1891) were sufficient demands to make on those wishing to establish pulp mills. In any event, a precedent was
established which was later followed religiously by Newfoundland Governments in disposing of timber resources. While royalty was charged for wood harvested by sawmill operators, pulp and paper mill operators would be exempt from payment of royalty on wood harvested for use in their mills.

Legislation dealing with timber licenses for pulp and paper mills was substantially modified in 1899 (Newfoundland, 1899). The area that could be licensed remained set at from 5 to 150 square miles. However the charges for the license were changed to an initial payment of $5.00 per square mile plus $3.00 per year for the balance of the license period. The minimum total payment for capital facilities was changed to $20,000 to be spent in the initial five year period. The amendment provided for licenses already issued under the old legislation to be exchanged for new licenses to be issued under the 1899 Act.

While the legislation of 1899 might appear to have reduced the value of government license fee charges, this was actually not the case. The following table compares four different fee structures on the basis of present value for an interest rate of 3 per cent which was roughly the rate for money borrowed by Government in the 1890's. The fee structure of 1899 is the highest of the four. While the initial fee is reduced to $5.00 from the $20 charged in 1891, the effect of the annual charge of
COMPARISON OF VALUE OF RENTAL FEES FOR PULP AND PAPER LICENSES AND LEASES

<table>
<thead>
<tr>
<th>Year</th>
<th>Charges per Square Mile</th>
<th>Present Value at 3 per cent Interest ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>$30 first year and $30 at 25th, 50th, and 75th years</td>
<td>$54.44</td>
</tr>
<tr>
<td>1891</td>
<td>$20 first year and $20 at 25th, 50th, and 75th years</td>
<td>$36.29</td>
</tr>
<tr>
<td>1899</td>
<td>$5 in first year and $3 per year for 99 years</td>
<td>$99.65</td>
</tr>
<tr>
<td>1905</td>
<td>$2 in first year and $2 per year in perpetuity(^1)</td>
<td>$68.67</td>
</tr>
</tbody>
</table>

\(^1\)Issued to Anglo-Newfoundland Development Company to 2,000 square miles on upper Exploits River Watershed.

SOURCE: Calculated by the writer using discount formulae and interest tables contained in Davis (1966).

$3.00 more than offsets this reduction and makes the present value of the fees $99.65 per square mile in 1899, compared to $36.29 in 1891.

The Act of 1899 also stated that applications for Crown lands for any purpose had to be surveyed at the cost of the applicant, before the application was made. Thus applicants for timber licenses had to incur survey costs even before making the application for the license. Also the required fees had to be paid within one year of the license being issued.
Timber Allocation Legislation, 1901 - 1930

From 1901 to 1911 the Crown Lands Act received four alterations which reflected timber allocation policy. During this period, the fairly stringent requirements for performance in the early legislation were relaxed considerably. The developments are summarized below, by year.

1901

In 1901 the Crown Lands Act was amended and substantial changes made in the terms under which sawmill licenses could be issued (Newfoundland, 1901). The bonus per square mile was set at a minimum of two dollars and the term of licenses was increased from twenty-one to fifty years. The area that could be licensed remained set at 5 square miles per 1,000 board feet daily capacity of the mill. The annual rent remained at $2.00 per square mile with a royalty charge of 50 cents per 1,000 board feet for the Island. The royalty rate for Labrador was set at 25 cents per 1,000 board feet. The Governor in Council was authorized to grant (after public notice) licenses to cut timber to existing mill owners and the requirement to build a mill in this case was waived.

The 1901 legislation also introduced some flexibility into the laws affecting licenses for pulp and paper mills. Prior to this, wood cut on such licenses had to be processed in a pulp or paper mill. The 1901 amendment
allowed lumber or other products to be manufactured from timber cut on these licenses on payment of a royalty of 50 cents per 1,000 board feet on the Island and 25 cents in Labrador.

The performance clause concerning surveys was altered somewhat to allow the survey to be completed one year after the date of approval of the application, and boundary lines around licenses were required to be cut to a width of three feet.

1903

New legislation was passed in 1903 which superseded former acts and amendments relating to Crown Lands (Newfoundland, 1903).

The bonus per square mile for licenses for sawmills remained at a minimum of $2.00, but could be set higher by Governor in Council. The term of these licenses was set at "50 years or such further period as may be deemed necessary". Licenses for pulp mills were to be "for a period of ninety-nine years, and for such further period as may be deemed necessary". Export of unmanufactured timber was prohibited and holders of grants, leases or licenses were prohibited from acquiring timber cut on nonalienated Crown Lands. The fee schedule for licenses for pulp mills remained unchanged. As far as forest law was concerned, the 1903 Act was mainly a consolidation of existing legislation and indicated little in the way of new government policy.
In 1906, an amendment to the 1903 Act allowed the Governor in Council to grant to the holder of a sawmill license the right to cut timber on the licensed area, "for the purpose of the manufacture of pulp or paper pulp", without payment of royalty (Newfoundland, 1906). If the licensee spent $20,000 on the erection of a pulp and paper mill, he was relieved from the obligation to erect a sawmill and the old sawmill license could be exchanged for a new license which could be used as a source of supply for either a sawmill or a pulp and paper mill.

In 1911, the period for a timber license for both sawmills and pulp and paper mills was set at 99 years (Newfoundland, 1911). The area limitation for sawmills was raised to ten square miles per 1,000 board feet of daily capacity and there was no limitation specified on the area that could be granted for a pulp and paper mill. The performance clause for commencement of construction of a mill was not specified but left up to the Governor in Council to set in the license. The amount that had to be spent on construction of a mill also was left up to the Governor in Council to determine. The ground rent was set at $2.00 per square mile. There was no change in the rentals for sawmill licenses but the $5.00 bonus (which
formerly applied to pulp mill licenses) was dropped and the ground rent for pulp mill licenses was reduced from $3.00 per square mile to $2.00. Conditions with respect to royalty charges remained unchanged and wood harvested for use in a pulp mill was exempt from royalty while sawmill operators had to pay the usual charges.

The licensee was required:

...to work said limit in a bona fide manner and operate said mills or factories during each succeeding year of the term of the license...

The performance requirement for surveys of licensed areas was relaxed considerably. Whereas the Crown Lands Act of 1903 had required boundary lines to be cut to a width of three feet, the Act of 1911 only required..."a blazed line connecting the angles in the boundaries..." Also while the 1903 Act provided for a possible time extension of one year for the completion of the survey at an extra bonus charge of $2.00 per square mile, the 1911 Act allowed for a possible time extension of two years, on payment of an extra bonus.

This legislation in effect did away with the differential between licenses for sawmills and licenses for pulp and paper mills, and instituted a standard 99-year license that could be used for either type of processing plant. The issue of the license was, however, still tied to the erection and operation of a mill or factory and if rent and royalty charges remained unpaid for more than
six months from the date on which they were due, the Governor in Council could declare the license forfeited.

The general effect of the legislation was to ease the conditions under which licenses were issued. The period for a timber license for a sawmill operation which had been set at 21 years in 1884, and increased to 50 years in 1901, was now set at 99 years. The area licensed per 1,000 board feet of sawmill capacity which had been set at 2.5 square miles in 1884, and increased to 5.0 square miles in 1885, was now set at 10 square miles.

In 1918, an amendment to the Crown Lands Act of 1903 was passed which restricted public cutting rights on licensed areas for boat building purposes (Newfoundland, 1918). If the vessel being constructed was over 100 tons, permission from the licensee had to be obtained before the timber could be harvested. Such permission was not required for wood harvested for boats or ships of less than 100 tons.

The 1918 amendment also changed somewhat the penalty for infractions of various license conditions other than the nonpayment of rent or royalty. The 1903 Act had provided fines of up to $10,000 plus additional penalties of up to $100 per day for every day the infraction continued. The 1918 amendment simply provided for "...a penalty not exceeding ten thousand dollars, or to the forfeiture of the
license, or to both". (A clause in the 1911 amendment to the Crown Lands Act provided for forfeiture of the license in the event of nonpayment of rent or royalties.)

1930

The provisions of the Crown Lands Act respecting the issue of timber licenses were changed substantially in 1930 (Newfoundland, 1930). The Act provided for the issue of licenses for a maximum of 25 square miles at a ground rent of $10 per square mile. These were to be one year licenses, renewable annually on fulfillment of terms and conditions. Licenses were to be sold at public auction to the highest bidder.

As far as can be determined no licenses were ever issued under this legislation. By 1930 practically all the timber lands of the interior of the Island and in Labrador had been allocated under the much more generous terms and conditions of previous legislation.

Timber Allocation Legislation since 1930

In 1936, The Labrador (Small Concessions) Act was passed which authorized the issue of timber licenses (among other kinds of grants, leases and licenses) in Labrador (Newfoundland, 1936). Licenses could be issued for up to 100 square miles of timber land to any one applicant in any one year. One license for approximately 61 square miles was issued under this Act.
Legislation governing the issue of timber licenses on the Island has remained essentially unchanged since 1930. There were some minor amendments. In 1949 an amendment to the Crown Lands Act provided for licenses or grants which had been issued too close to tidal water to be exchanged for grants or licenses in other areas (Newfoundland, 1949). In 1951, The Timber Licenses (Reversion to Crown) Act was passed. This provided for the cancellation of a number of licenses that had been issued prior to 1931 but had never been developed. In 1952 legislation relating to timber lands was consolidated in a set of revised statutes (Newfoundland, 1952). The legislation relating to the issue of timber licenses under the Crown Lands Act was essentially unchanged from the 1930 Act. In 1954 some minor changes were made concerning the processing of applications for timber licenses (Newfoundland, 1954). The provisions of the Crown Lands Act concerning the issue of timber licenses have not been changed significantly since 1954.
APPENDIX 2

TABULAR SUMMARY OF NEWFOUNDLAND TIMBER LICENSE LEGISLATION IN CROWN LANDS ACTS,
1860 - 1954
<table>
<thead>
<tr>
<th>Year</th>
<th>Kind of license</th>
<th>Term</th>
<th>Area</th>
<th>Royalty</th>
<th>Land rent</th>
<th>Bonus (1st year)</th>
<th>Other</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1860</td>
<td>License of occupation for sawmill</td>
<td>5 years</td>
<td>200 acres max.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No rent or royalty charges. Grant in fee simple could be issued if mill erected and operated for 3 yrs.</td>
</tr>
<tr>
<td>1875</td>
<td>Sawmill</td>
<td>12 months renewable</td>
<td>36 sq. miles max.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>License to be sold at public auction, crown dues not specified but could be set by regulation.</td>
</tr>
<tr>
<td>1884</td>
<td>Sawmill</td>
<td>21 years</td>
<td>2.5 sq. mi./1000 fbm daily capacity</td>
<td>Max. 5% of value of timber cut</td>
<td>$2.00/sq. mile</td>
<td>Paid according to value of limit</td>
<td></td>
<td>1 month's notice in Royal Gazette required, but not public auction.</td>
</tr>
<tr>
<td>1885</td>
<td>Sawmill</td>
<td>21 years</td>
<td>5.0 sq. mi./1000 fbm daily capacity</td>
<td>$0.50/1000 fbm harvested</td>
<td>$2.00/sq. mile</td>
<td>&quot;</td>
<td></td>
<td>&quot; &quot;</td>
</tr>
<tr>
<td>1890</td>
<td>Pulp and paper</td>
<td>99 year max.</td>
<td>5-150 sq. miles</td>
<td></td>
<td></td>
<td>$30/sq. mi. at 1st, 25th, 50th, 75th years</td>
<td></td>
<td>1 month's notice in Royal Gazette; requirement to spend $3000/sq. mi. within 5 yrs. on development; wood must be used for pulp or paper manufacture; reforestation requirement.</td>
</tr>
<tr>
<td>1891</td>
<td>Pulp and paper</td>
<td>99 year max.</td>
<td>5-150 sq. miles</td>
<td></td>
<td></td>
<td>$20/sq. mi. at 1st, 25th, 50th, 75th years</td>
<td></td>
<td>Required to spend $1000 per sq. mi. within 5 yrs. on development; reforestation requirement deleted.</td>
</tr>
</tbody>
</table>

(Cont'd.)
<table>
<thead>
<tr>
<th>Year</th>
<th>Kind of license</th>
<th>Term</th>
<th>Area</th>
<th>Royalty</th>
<th>Bonus (1st year)</th>
<th>Other</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1899</td>
<td>Pulp and paper</td>
<td>99 yr. max.</td>
<td>5-150 sq. miles</td>
<td>$3.00/sq. mile</td>
<td>$5.00/sq. mi.</td>
<td>Licensee required to spend $20,000 on bldgs. and machinery within 5 yrs; survey required.</td>
<td></td>
</tr>
<tr>
<td>1901</td>
<td>Sawmill</td>
<td>50 years</td>
<td>5 sq. mi./1000 ftm daily capacity</td>
<td>Island $0.50/m</td>
<td>Labrador $0.25/m</td>
<td>Licensee to complete construction within 18 months, and operate each year thereafter; export of unprocessed timber prohibited; survey required and license boundary lines to be cut to width of 3 ft.</td>
<td></td>
</tr>
<tr>
<td>1903</td>
<td>Sawmill</td>
<td>50 years or more</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>1 month's notice in Royal Gazette; 1 year's rent to be paid in advance.</td>
<td></td>
</tr>
<tr>
<td>1903</td>
<td>Pulp and paper</td>
<td>99 years or more</td>
<td>5-150 sq. miles</td>
<td>$3.00/sq. mile</td>
<td>$5.00/sq. mi.</td>
<td>1 month's notice in Royal Gazette; royalty charge not applied on timber harvested for pulp.</td>
<td></td>
</tr>
<tr>
<td>1906</td>
<td>Sawmill</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>Holders of sawmill licenses allowed to cut timber for use in pulp mills; no royalty charge for pulpwood.</td>
<td></td>
</tr>
<tr>
<td>1911</td>
<td>General-sawmill and/ or paper and pulp mill</td>
<td>99 years</td>
<td>10 sq. mi./1000 ftm daily capacity for sawmills</td>
<td>Island $0.50/m</td>
<td>Labrador $0.25/m</td>
<td>1 month's notice of application in Royal Gazette; no maximum area specified for pulp mills; no royalty on pulp wood; plants or mills be operated for term of license; survey requirements eased; time limit on plant construction determined by Governor in Council.</td>
<td></td>
</tr>
</tbody>
</table>

(Cont'd.)
(Concluded)

<table>
<thead>
<tr>
<th>Year</th>
<th>Kind of license</th>
<th>Term</th>
<th>Area</th>
<th>Royalty</th>
<th>Land rent</th>
<th>Bonus (1st year)</th>
<th>Other</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td>General</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td>General license to cut timber</td>
<td>1 year renewable from year to year</td>
<td>Max. 25 sq. miles</td>
<td>Upset price + $10/sq. mile</td>
<td>Deposit application $100, $250 or $500 according to size of area, plus deposit for survey</td>
<td>Limitation to public cutting rights on license areas to timber for ships of 100 tons or less.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>Licenses grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1954</td>
<td>Licenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Minor amendments, Lieut. Governor in Council to decide on license applications; public advertisement of sale required; no licenses within 3 miles of tidal water.
APPENDIX 3

FREEHOLD REID GRANT
NEWFOUNDLAND

Edward VII., by the Grace of GOD,
of the United Kingdom of Great
Britain and Ireland, and of the
British Dominions beyond the Seas,
King, Defender of the Faith, Em-
peror of India, &c.

To all to whom these Presents
shall come, Greeting:

WHEREAS it has been established to Our
satisfaction that under the provisions
of Agreements made and entered into
between the Governor of the Island of
Newfoundland and its Dependencies, of
the first part, and ROBERT GILLESPIE
REID, of Montreal, in the Dominion of
Canada, of the second part, confirmed
by Acts of the Legislature of Newfound-
land, the Reid Newfoundland Company is
entitled to a Grant in fee simple of the
lands hereinafter described:

Now know ye, that in consideration of the premises and in part
fulfilment of the covenents on the part of the Government of Newfoundland
in the said Agreements contained, and under and by virtue of the said Acts
of the Legislature of Newfoundland, We do hereby grant, convey and assure
unto the said Reid Newfoundland Company and its assigns, all and singular
those certain parcels of land and premises set out in the Schedule hereto
attached, (which Schedule with a plan thereto attached shall be and be
taken to be part and portion of this Grant), together with all and sing-
ular the woods, ways, water-courses, mines, ores and minerals of every
kind, including precious metals, and all easements, profits and appurten-
ances whatsoever to the said parcels or tracts of land and premises or any
of them belonging or in anywise appertaining, or which can be therewith
used or enjoyed, and taken as part or parcel thereof, or as belonging there-
to or to any part thereof, and the reversion or reversions, the remainder
and remainders, rents, assigns, revenues and profits thereof, and all of
Our estate, right, title, interest, trust, claim, property and demand, both
in law and in equity, of, in, to or out of the said land and premises, and
every part thereof: To have and to hold the same unto and to the said Reid
Newfoundland Company and its assigns to their own use forever.

Given under the Great Seal of Our aforesaid Island of Newfoundland, at
St. John's, in Our said Island, this sixth day of May in the
year of Our Lord One Thousand Nine Hundred and four, and in the
Fourth year of Our Reign.

Witness Our trusty and well-beloved Sir Cavendish Boyle, Knight
Commander of the Most Distinguished Order of St. Michael and
St. George, Governor and Commander-in-Chief in and over Our
said Island of Newfoundland and its Dependencies.

By His Excellency's Command,

Colonial Secretary
The following are the Description and Plan of the land and premises referred to in the foregoing Grant:— all that piece and parcel of land abutted and bounded as follows that is to say by a line commencing at a point four miles due South of the south West angle of Lot 229 granted to the within named grantee, running thence South four miles, West ten miles, North to the shore of Victoria Lake, thence around the shore at the East end of said Lake to a point intersected by the extension Northerly of the portion of the west boundary of this lot which is described as running North, thence North to a point four miles North of the west extremity of the South boundary of this lot and thence east to the place of commencement. Containing twenty two thousand and sixteen acres more or less. Bearings from True meridian.
APPENDIX 4

TIMBER LICENSE
Whereas The Baie Verte Lumber Company Limited of Newfoundland

applied for a license to cut timber on and over that Tract, Piece or Parcel of Land hereinafter described, under and subject to the conditions and provisions of " Chapter VI. of the Acts 3 Edward VII. " and the Acts in Amendment thereof,

1.29 of the Consolidated Statutes of Newfoundland (Third Series) entitled of Crown Lands, Timber, Mines and Minerals.

Now, Therefore, know ye that We have Licensed, and by these Presents do, for Us, Our Heirs and Successors, License unto the said Baie Verte Lumber Company Limited.

all that Tract, Piece or Parcel of Land, situate and being at Baie Verte and Mings Bight in the District of Saint Barbe-

in Our Island of Newfoundland, bounded and described as follows, that is to say:

by a line commencing at a point near Grapnel Point to the Eastward of Mings Bight aforesaid, running thence by Crowland South nineteen degrees and thirty minutes West two hundred chains, South six degrees and thirty minutes East eighty chains and South six degrees and thirty minutes West one hundred and ninety chains to land now under License in the name of Mines and Forests (Nfld) Ltd., running thence by said land North eighty degrees West four hundred and forty chains, South thirty eight degrees West three hundred and five chains, West four hundred and eighty chains, thence by another Lot of land now under License to the before mentioned Company North forty four degrees West one hundred and sixty chains, North one hundred and seventy chains, North thirty seven degrees East two hundred and eighty chains, North twenty degrees East two hundred and forty chains, thence by Crowland South seventy degrees East two hundred and forty chains to the shore of Baie Verte aforesaid and thence by the shores of Baie Verte and Mings Bight aforesaid to the place of commencement. Reserving all Settlers Rights within the aforesaid piece or parcel of land.
To have and to hold the said Tract, Piece or Parcel of Land, for the purposes aforesaid, unto the said Baie Verte Lumber Company Limited for the full and term of Ninety-nine years from the Fifth day of March Nineteen hundred and twenty eight the said Baie Verte Lumber Company Limited yielding and paying yearly and every year during the said term, the sum of Twenty thousand dollars in the erection and equipment of a factory or factories for the manufacture of paper or pulp, the erection of such factory or factories to commence within two years, and be completed within five years from the Fifth day of March aforesaid, that the said Baie Verte Lumber Company Limited shall take and manufacture into Saw Mill, pulp and paper, from the said land, forty thousand feet, board measure, in every twenty-four hours, or expend the sum of Ninety thousand dollars in the erection and equipment of a factory or factories for the manufacture of paper or pulp, the erection of such factory or factories to commence within two years, and be completed within five years from the Fifth day of March aforesaid, that the said Baie Verte Lumber Company Limited shall make and use roads upon, and travel over the ground covered by this License standing Timber of any kind (without compensation therefor) to be used for the making of Roads, Bridges, Railways or Public Works, by or on behalf of the Government of Newfoundland, the authority of such roads, bridges, railroads or public works, and it is hereby further declared and agreed upon that this License is granted under and subject to the conditions herein contained, then and in that case this License shall be null and void and the Timber hereby licensed shall revert to Us, Our Heirs and Successors.

Provided, and this License is upon the express conditions, that the said Baie Verte Lumber Company Limited shall make true and faithful returns to our Minister of Agriculture and Mines for the time being, on or before the Thirtieth day of November in each and every year upon the oath of the said Baie Verte Lumber Company Limited declaring (1) the total quantity of timber cut between the First day of July and the Thirtieth day of June last past which is liable to the payment of Royalty, and (2) all timber cut for the manufacture of paper or paper pulp, and that the said Baie Verte Lumber Company Limited shall keep correct books of accounts which shall be open to inspection of our Minister of Agriculture and Mines, or to such person or persons as may, from time to time, be appointed by him for the purpose of verifying the returns aforesaid; and, lastly, that the said Baie Verte Lumber Company Limited shall not interfere with any person or persons cutting Timber for the same being more particularly described in the diagram delineated on the other side hereof, and containing square miles more or less.

Witness Our trusty and well-beloved Sir William Henry Nowood, Knight Chief Justice, Administrator-

By His Excellency's Command,

Sgd. J.R. Bennett
APPENDIX 5

CHRONOLOGICAL LIST OF TIMBER LIMITS ACQUIRED
FOR CORNER BROOK MILL
<table>
<thead>
<tr>
<th>Year of acquisition</th>
<th>Form of ownership</th>
<th>Original owner</th>
<th>Crown Lands (Sq. mi.)</th>
<th>Area total (cont'd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>Fee simple</td>
<td>Reid Nfld. Co. (60 lots)</td>
<td>1750</td>
<td></td>
</tr>
<tr>
<td>1923</td>
<td>Timber license</td>
<td>Christopher Fisher</td>
<td>3-27</td>
<td>44</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
<td>5-100</td>
<td>9</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>Gibbs, McNeilly &amp; Ellis</td>
<td>4-49</td>
<td>25</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>West Coast Lumber &amp; Pulp Co.</td>
<td>5-92</td>
<td>203_2031</td>
</tr>
<tr>
<td>1924</td>
<td>Freehold</td>
<td>Nfld. Colonization &amp; Mining Co.</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>Nfld. Lumber Co.</td>
<td>5-98</td>
<td>186</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>Great Northern Devel. Co.</td>
<td>5-97</td>
<td>33_2256</td>
</tr>
<tr>
<td>1925</td>
<td>&quot;</td>
<td>Philip Dicks</td>
<td>5-111</td>
<td>46</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>Humber R. Pulp &amp; Lumber Co. Ltd.</td>
<td>3-26</td>
<td>28</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>Robert G. Pike</td>
<td>2-26</td>
<td>100</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>Robert Brown Job</td>
<td>2-60</td>
<td>211_2641</td>
</tr>
<tr>
<td>1926</td>
<td>&quot;</td>
<td>Harry J. Crowe</td>
<td>7-13</td>
<td>64</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot;</td>
<td>Michael E. Martin</td>
<td>7-32</td>
<td>36</td>
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<td>Roberts &amp; Winter</td>
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<td>Robert Brown Job</td>
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<td>William Taaffe</td>
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<td>E.W. Roberts</td>
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<td>Jackman &amp; Power</td>
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<td>Thomas Bonia</td>
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<td></td>
<td>W.T. Grenfell</td>
<td>2-35 112 11,566</td>
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1 Adjusted for Transportation of Timber Act of 1904.
APPENDIX 6

RECORDED TIMBER LICENSE SALES FOR THE ISLAND
## Recorded Timber License Sales

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<tr>
<th>Year</th>
<th>From</th>
<th>To</th>
<th>Location</th>
<th>Crown lands V-F</th>
<th>Registry deeds V-F</th>
<th>Area (sq. mi.)</th>
<th>Consideration $</th>
<th>Value/ sq. mi.</th>
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<td>S. Bell</td>
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<td>Dog Bay Waters</td>
<td>39-22</td>
<td>20-585</td>
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<td>E.W. Roberts &amp; J. Harvey</td>
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<td>Terra Nova R.</td>
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<td>2-53</td>
<td>30-314</td>
<td>610.75</td>
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<td>J.S. Tait</td>
<td>Codroy R.</td>
<td>2-19</td>
<td>32-9</td>
<td>115</td>
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<td>1908</td>
<td>R. Horwood</td>
<td>F.A. Begent</td>
<td>Birchy Lake</td>
<td>3-3</td>
<td>38-195</td>
<td>8.75</td>
<td>4,500</td>
<td>514</td>
</tr>
<tr>
<td>1908</td>
<td>J. Taylor</td>
<td>F.A. Begent</td>
<td>Sandy Lake</td>
<td>3-2</td>
<td>38-91</td>
<td>100</td>
<td>5,000</td>
<td>50</td>
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<td>1909</td>
<td>W.H. Taylor &amp; H. Feaver</td>
<td>F.J. Carr</td>
<td>St. Georges R.</td>
<td>3-2</td>
<td>38-91</td>
<td>100</td>
<td>5,000</td>
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<td>Gander R.</td>
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<td>42-84</td>
<td>150</td>
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<td>L. Harrison</td>
<td>Kitty's Brook</td>
<td>4-6</td>
<td>44-132</td>
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**TOTALS** 20

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<td>W. Crosbie</td>
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<td>Terra Nova R.</td>
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<td>L. Harrison</td>
<td>Keystone Pulp &amp; Lumber</td>
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<th>Year</th>
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<th>Registry deeds V-F</th>
<th>Area (sq. mi.)</th>
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<th>Value/ sq. mi.</th>
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<td>S.J. Foote</td>
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<tr>
<th>Year</th>
<th>From</th>
<th>To</th>
<th>Location</th>
<th>Crown lands V-F</th>
<th>Registry deeds V-F</th>
<th>Area (sq. mi.)</th>
<th>Consideration $</th>
<th>Value/sq. mi.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>J.F. Stewart</td>
<td>H.J. Crowe</td>
<td>Grey R.</td>
<td>5-62</td>
<td>82-418</td>
<td>13</td>
<td>2,796</td>
<td>215</td>
</tr>
<tr>
<td>1923</td>
<td>H.J. Crowe</td>
<td>Baine Johnson Co.</td>
<td>Bay d'Espoir</td>
<td>7-15</td>
<td>83-338</td>
<td>1,164.5</td>
<td>165,000</td>
<td>142</td>
</tr>
<tr>
<td>1923</td>
<td>J.J. Malcaby</td>
<td>A.R.D. Co.</td>
<td>Gander R.</td>
<td>7-10</td>
<td>80-531</td>
<td>50</td>
<td>25,000</td>
<td>500</td>
</tr>
<tr>
<td>1923</td>
<td>C. Fisher</td>
<td>Nfld. Power &amp; Paper</td>
<td>Bay of Islands</td>
<td>(5-100)</td>
<td>83-259</td>
<td>53.5</td>
<td>60,000</td>
<td>1,121</td>
</tr>
<tr>
<td>1923</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1924</td>
<td>B. Stafford</td>
<td>Mooney Van Dyke Co.</td>
<td>Orange Bay</td>
<td>7-23</td>
<td>87-89</td>
<td>29</td>
<td>857</td>
<td>30</td>
</tr>
<tr>
<td>1924</td>
<td>West Coast L. &amp; P.</td>
<td>Nfld. Power &amp; Paper</td>
<td>Sandy Lake</td>
<td>5-92</td>
<td>84-477</td>
<td>187</td>
<td>80,000</td>
<td>428</td>
</tr>
<tr>
<td>1924</td>
<td>Nfld. Lumber</td>
<td>Nfld. Power &amp; Paper</td>
<td>S. Bay of Islands</td>
<td>5-98</td>
<td>85-100</td>
<td>186</td>
<td>150,784</td>
<td>811</td>
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<tr>
<td>1924</td>
<td>W.H. Hoffman</td>
<td>Mines &amp; Forests</td>
<td>Gander Lake</td>
<td>5-94</td>
<td>86-294</td>
<td>155</td>
<td>51,000</td>
<td>329</td>
</tr>
<tr>
<td>1925</td>
<td>B.N.A. Trading Co.</td>
<td>H.F. Thomas (Cardiff) Ltd.</td>
<td>Special Lake</td>
<td>7-22</td>
<td>89-499</td>
<td>100</td>
<td>48,300</td>
<td>483</td>
</tr>
<tr>
<td>1925</td>
<td>T.E. McCauley &amp; C. Riordon</td>
<td>Mines &amp; Forests</td>
<td>Gambo</td>
<td>6-16</td>
<td>91-524</td>
<td>75</td>
<td>24,398</td>
<td>325</td>
</tr>
<tr>
<td>1925</td>
<td>A. McDougal &amp; J. Syne</td>
<td>Mines &amp; Forests</td>
<td>Gander Lake</td>
<td>5-81</td>
<td>91-96</td>
<td>21</td>
<td>6,000</td>
<td>286</td>
</tr>
<tr>
<td>1925</td>
<td>R.E. Job</td>
<td>Mines &amp; Forests</td>
<td>Harle Bay</td>
<td>2-99</td>
<td>90-543</td>
<td>170</td>
<td>55,000</td>
<td>324</td>
</tr>
<tr>
<td>1926</td>
<td>F.A. Begent &amp; F.J. Carr</td>
<td>Mines &amp; Forests</td>
<td>Gander Lake</td>
<td>5-88</td>
<td>92-270</td>
<td>88</td>
<td>25,000</td>
<td>312</td>
</tr>
<tr>
<td>1926</td>
<td>M.E. Martin</td>
<td>Nfld. Power &amp; Paper</td>
<td>Grand Lake</td>
<td>7-32</td>
<td>94-568</td>
<td>35.75</td>
<td>17,000</td>
<td>476</td>
</tr>
<tr>
<td>1926</td>
<td>J.J. Crowe</td>
<td>Nfld. Power &amp; Paper</td>
<td>White Bay</td>
<td>7-13</td>
<td>97-313</td>
<td>21</td>
<td>37,224</td>
<td>1,773</td>
</tr>
<tr>
<td>1926</td>
<td>R. Strong</td>
<td>Nfld. Power &amp; Paper</td>
<td>Gull Pond</td>
<td>7-9</td>
<td>93-578</td>
<td>82</td>
<td>50,000</td>
<td>6</td>
</tr>
<tr>
<td>1927</td>
<td>Est. K. Crowe</td>
<td>H.J. Crowe</td>
<td>Baie Verte Pen.</td>
<td>5-82, 5-84</td>
<td>105-597</td>
<td>481</td>
<td>489,066</td>
<td>1,017</td>
</tr>
<tr>
<td>1928</td>
<td>A. Fortin et al.</td>
<td>Mines &amp; Forests</td>
<td>Codroy R.</td>
<td>7-1</td>
<td>106-258</td>
<td>50</td>
<td>7,500</td>
<td>150</td>
</tr>
<tr>
<td>1928</td>
<td>Campbell et al.</td>
<td>Inter. Power &amp; Paper</td>
<td>White Bay</td>
<td>7-11, 7-29</td>
<td>678.5</td>
<td>3,855.25</td>
<td>2,109,425</td>
<td>547</td>
</tr>
<tr>
<td>1930</td>
<td>H.J. Crowe</td>
<td>Inter. Power &amp; Paper</td>
<td></td>
<td></td>
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TOTALS 22
(Concluded)

<table>
<thead>
<tr>
<th>Year</th>
<th>From</th>
<th>To</th>
<th>Location</th>
<th>Crown lands From V-F</th>
<th>Registry deeds From V-F</th>
<th>Area (sq. mi.)</th>
<th>Consideration $</th>
<th>Value/sq. mi.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1933</td>
<td>M. J. Mooney</td>
<td>A.N.D. Co.</td>
<td>Northern Pen.</td>
<td>7-47</td>
<td>125-253</td>
<td>1,080</td>
<td>72,000</td>
<td>67</td>
</tr>
<tr>
<td>1939</td>
<td>Mooney &amp; Van Dyke Co.</td>
<td>A.N.D. Co.</td>
<td>Northern Pen.</td>
<td>7-23</td>
<td>125-255</td>
<td>29</td>
<td>2,000</td>
<td>69</td>
</tr>
<tr>
<td>1939</td>
<td>Baie Verte Lumber</td>
<td>Bowaters</td>
<td>Baie Verte</td>
<td>7-52</td>
<td>148-211</td>
<td>90</td>
<td>25,000</td>
<td>276</td>
</tr>
<tr>
<td>1939</td>
<td>E.W. Roberts</td>
<td>Bowaters</td>
<td>Roberts Arm</td>
<td>3-6</td>
<td>148-458</td>
<td>25.5</td>
<td>40,500</td>
<td>1,588</td>
</tr>
</tbody>
</table>

**TOTALS**
4

<table>
<thead>
<tr>
<th>Year</th>
<th>From</th>
<th>To</th>
<th>Location</th>
<th>Crown lands From V-F</th>
<th>Registry deeds From V-F</th>
<th>Area (sq. mi.)</th>
<th>Consideration $</th>
<th>Value/sq. mi.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td>I.R. Parsons</td>
<td>F. Reader</td>
<td>Humber Arm</td>
<td>2-84</td>
<td>197-488</td>
<td>7</td>
<td>2,500</td>
<td>357</td>
</tr>
<tr>
<td>1948</td>
<td>Horwood Lumber Co.</td>
<td>A.N.D. Co.</td>
<td>Notre Dame Jct.</td>
<td>SG2-293</td>
<td>201-357</td>
<td>32</td>
<td>42,500</td>
<td>1,328</td>
</tr>
<tr>
<td>1950</td>
<td>Bay of I. Veneer &amp; L.</td>
<td>Bowaters</td>
<td>Bay of Islands</td>
<td>7-54</td>
<td>220-206</td>
<td>65</td>
<td>27,500</td>
<td>885</td>
</tr>
</tbody>
</table>

**TOTALS**
4

<table>
<thead>
<tr>
<th>Year</th>
<th>From</th>
<th>To</th>
<th>Location</th>
<th>Crown lands From V-F</th>
<th>Registry deeds From V-F</th>
<th>Area (sq. mi.)</th>
<th>Consideration $</th>
<th>Value/sq. mi.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953</td>
<td>Inter. Grenfell Assoc.</td>
<td>Bowaters</td>
<td>Canada Bay</td>
<td>2-35</td>
<td>409-496</td>
<td>112</td>
<td>60,000</td>
<td>536</td>
</tr>
<tr>
<td>1955</td>
<td>Horwood Lumber Co.</td>
<td>Nfld. Govt.</td>
<td>Dog Bay Waters</td>
<td>SG2-293</td>
<td>165</td>
<td>165</td>
<td>250,000</td>
<td>1,525</td>
</tr>
<tr>
<td>1959</td>
<td>L. Briffit &amp; Sons</td>
<td>Nfld. Govt.</td>
<td>Terra Nova R.</td>
<td>4-54</td>
<td>12.1</td>
<td>12.1</td>
<td>16,000</td>
<td>1,322</td>
</tr>
</tbody>
</table>

**TOTALS**
3

Value/sq. mi.: 1,128
EXPLANATORY NOTES

1 Dates given indicate the year that the license sale was recorded at the Registry of Deeds.

2 Where volume and folio numbers for the Registry of Deeds are not listed the information was obtained from other government records.

3 Crown Lands Registry volume and folio numbers for the 1907 sale from Newfoundland Pine and Pulp to A.E. Reed and Company (Nfld.) Ltd. and the license areas are as follows:

<table>
<thead>
<tr>
<th>Crown Lands</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>V-F</td>
<td></td>
</tr>
<tr>
<td>2-115</td>
<td>296.5</td>
</tr>
<tr>
<td>2-116</td>
<td>40</td>
</tr>
<tr>
<td>2-117</td>
<td>40</td>
</tr>
<tr>
<td>2-118</td>
<td>89</td>
</tr>
<tr>
<td>2-108</td>
<td>42</td>
</tr>
<tr>
<td>802-43</td>
<td>157</td>
</tr>
<tr>
<td>Total</td>
<td>1327.5</td>
</tr>
<tr>
<td>Less Reservations</td>
<td>19.1</td>
</tr>
<tr>
<td>Area of licenses</td>
<td>1308.4</td>
</tr>
</tbody>
</table>

For the license sales to Terra Nova Sulphite in 1919, the names of the licensees and the Crown Lands Registry volume and folio numbers are as follows:

<table>
<thead>
<tr>
<th>Licensee</th>
<th>Crown Lands</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>W.R. Howley</td>
<td>5-13</td>
<td>100</td>
</tr>
<tr>
<td>C.F. Taylor</td>
<td>2-89</td>
<td>26</td>
</tr>
<tr>
<td>H.K. Bishop et al.</td>
<td>2-75</td>
<td>131</td>
</tr>
<tr>
<td>W.E. Bearnis</td>
<td>2-83</td>
<td>40</td>
</tr>
<tr>
<td>W.J. Ellis</td>
<td>2-74</td>
<td>238</td>
</tr>
<tr>
<td>W.J. Ellis</td>
<td>2-96</td>
<td>75</td>
</tr>
<tr>
<td>Terra Nova Lumber Co.</td>
<td>5-106</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>650</td>
</tr>
</tbody>
</table>