

Government mum on the numbers

Jones asks what province offered Abitibi for Star Lake before expropriation

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 THE TELEGRAM

Liberal Leader Yvonne Jones says a cloud of secrecy has settled over how the government dealt — and is dealing — with AbitibiBowater.

The company will permanently shut the doors of its paper mill in Grand Falls-Windsor at the end of this month and hundreds of people will be out of work.

Last fall, the province expropriated the company's timber and water rights after it announced the closure.

Yesterday in the House of Assembly, Jones said a recent interview she read with Abitibi's CEO revealed the province tried to buy the company's hydroelectric assets at Star Lake before the expropriation.

"How much did the province originally bid for the assets and why was this information not disclosed when we debated the expropriation legislation in the House of Assembly?" Jones asked.

Natural Resources Minister Kathy Dunderdale said the company told the province some time ago it was considering selling Star Lake and asked the province to make a bid.

The province's offer was rejected.

"It was certainly clear to us that Abitibi really wasn't interested in selling that asset to the province," Dunderdale said. "We made a fair bid, it wasn't accepted and we have moved on."

Dunderdale said it wasn't a matter of great consequence, nor was the government trying to hide anything. But she also refused to say how much the province bid for Star Lake.

On Monday, Dunderdale told the House the company broke off talks with the province over compensation for its bricks-and-mortar assets early last week, but the province hoped the company would return to the table.

Jones asked Dunderdale if the province has a backup plan in the event the company declares bankruptcy.

That could happen as early as midnight tonight, if the company can't come up with a new restructuring plan.

"We are not going to hit the panic button, we understand what is going on," Dunderdale replied, adding the government was preparing for "a number of eventualities."

Outside of the House, Jones said the government is withholding a lot of information on Abitibi, including

what was "put on the table to try and entice this company to stay and continue to operate in the province."

"The reality is that they tried to buy the assets before they tried to expropriate them," said Jones. "We want to know how much they were willing to pay then and we want to know how that compares to the \$300 million that Abitibi is looking for today."

Jones said if the province can get a better price from the company for its assets, that would be fine.

"But I don't think the government needs to be dragged into a huge court challenge on this issue and, at the end of the day, in addition to legal fees, still have to purchase the assets."

Jones also mused what will happen to severance and pensions for laid-off workers, including those laid off in Stephenville when the company closed the mill in that town in 2005.

"I asked today what is the backup plan if this company goes bankrupt," she said. "There is neither one."

"The minister says she's not prepared to push the panic button. Well, I can tell you the people I have talked to, they are panicking," Jones said.