

# Dunderdale: Harper wanted Muskrat Falls quid pro quo

By [Sue Bailey](#) | May 27, 2013  
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ST. JOHN'S, N.L. — Newfoundland and Labrador Premier Kathy Dunderdale says there was a behind-the-scenes battle over federal support for the Muskrat Falls hydro project when the prime minister tried to tie it to fishery concessions.

Dunderdale told the St. John's Board of Trade on Monday that talks for the \$1-billion loan guarantee almost fell apart the night before Prime Minister Stephen Harper flew to Labrador to sign off on it.

The flap was over his effort to link that promised backing to European trade talks, she said during a luncheon speech.

"You want to know what the racket was about Nov. 29? It was about the fishery. And the prime minister wanted a quid pro quo," she said.

"You know what I told him to do with the loan guarantee."

Dunderdale said she was furious at Harper's attempt to force her to forfeit minimum processing requirements that protect local fishery jobs in order to ease trade talks with Europe. She said the province has a negotiator at the table in Brussels and is willing to discuss such changes. But she said the contentious matter depends on what access the province could get to European markets, along with other benefits.

Dunderdale stressed that she was not willing to link the loan guarantee, which Harper promised during the 2011 election, to trade talks.

The issue came up again over the May long weekend as the last of the loan guarantee negotiations wrapped up, she said.

"Poor old Nigel Wright," she said of Harper's former chief of staff. "His ear's still ringing (from) when I smacked the phone up."

Wright resigned May 19 over a personal \$90,000 payment to Conservative

Senator Mike Duffy related to Duffy's disallowed housing expenses.

Opponents of CETA, a Canada-European trade agreement, have said it could come at the expense of minimum processing requirements and other laws that protect local fisheries.

Dunderdale said Ottawa backed off at the 11th hour in November, and that federal Trade Minister Ed Fast travelled to St. John's on the May long weekend in the midst of final loan guarantee talks.

First, she said, he wanted to talk about the European trade negotiations and the fishery issue. She said she again refused to link CETA with Muskrat Falls, and at one point threatened to leave the room.

Dunderdale said Monday that the loan guarantee process is now wrapped up. With Ottawa's backing, Crown corporation Nalcor Energy is launching requests for financing to move the \$7.7-billion development in Labrador along, she announced.

Fast's spokesman, Rudy Husny, confirmed in a statement Monday that Ottawa's support for Muskrat Falls is in place.

"In fact, we have just issued the request for financing for this very project," he said in an emailed statement.

"It is not tied to the CETA negotiations," he said, adding: "We're seeking the best fish and seafood package for Canada."

Fast told The Canadian Press in an interview last week that trade talks with the European Union are winding down. Dunderdale told reporters the negotiations are expected to conclude in about two weeks.

A request for comment from the Prime Minister's Office was not immediately answered.

News that Nalcor is seeking financing comes a day before the Nova Scotia Utility and Review Board starts hearings into the Maritime Link that would bring Muskrat Falls power to the province.

Opposition critics are not convinced that the federal guarantee is sealed beyond a doubt, however. A key condition of that support is Nova Scotia's

participation through private utility Emera (TSX:EMA).

Emera is funding 20 per cent of costs in exchange for 20 per cent of Muskrat Falls power through construction of the Maritime Link transmission line to Nova Scotia.

In Newfoundland, Liberal Leader Dwight Ball said he's worried that Nova Scotia's consumer advocate is among prominent critics saying the project exposes ratepayers to too much risk.

"Without the Maritime Link, the question has to be raised: will the federal loan guarantee exist? And the way I read it, it will not."

When asked Monday, Dunderdale said she is still confident in Premier Darrell Dexter's support for the project as he prepares for a provincial election, expected sometime this year.

"If we had waited for everyone in Newfoundland and Labrador to be convinced we still wouldn't have sanction," she said. "Look, they have a process."

"We've considered every eventuality that might come out of that, and have remedies in place for that. Muskrat Falls is a well planned, well thought-out project and it's going to serve the people of the province well."