

ans. To the extent that we do not realize our potential, wherever it might be in Canada, the best interests of the country, the people and the future, are not appropriately served by government policy. That is the issue before the government with respect to Bill C-48. Thank you, Mr. Speaker. May I call it four o'clock?

Mr. Deputy Speaker: Order. It being four o'clock p.m., the House will now proceed to the consideration of private members' business as listed on today's Order Paper, namely notices of motions, public bills, and private bills.

PRIVATE MEMBERS' MOTIONS

[English]

Motion No. 43 allowed to stand by unanimous consent.

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ENERGY

HYDRO DEVELOPMENT AT CHURCHILL FALLS, LABRADOR

Hon. John C. Crosbie (St. John's West) moved:

That, in the opinion of this House, the government should act on the request of the government of Newfoundland outlined in a letter addressed to the Prime Minister by the Premier of Newfoundland dated April 16, 1980, to ensure that hydroelectric power pass freely from the development of the Lower Churchill River in Newfoundland and Labrador from Labrador across the territory of the province of Quebec to other provinces and territories so that the said hydroelectric power can be sold freely to other customers and not be forced to be sold to Quebec Hydro alone at whatever price Quebec Hydro wishes to impose, and that the government invoke its authority under the BNA Act to grant to Newfoundland the right to transmit hydroelectricity across the province of Quebec in a similar manner to action taken to permit the free flow of oil and natural gas from Alberta and the western provinces to consumers in Ontario and Quebec by way of interprovincial pipelines, and that the government act immediately so that financing arrangements can be concluded and steps taken to commence the development of the hydro resources of the Lower Churchill River in Labrador during 1980.

● (1600)

He said: Mr. Speaker, I rise on this motion to put before the House the facts of a situation which is a national tragedy. It is a national lost opportunity. It is a national shame. This is a cry to the nation for justice.

This motion was moved, Mr. Speaker, on April 30, 1980. It is now a year and a half later, and we have progressed no further.

In 1965, an agreement was entered into between Quebec Hydro and the Churchill Falls-Labrador Corporation, a subsidiary of Brinco, to build the Upper Churchill power project with the approval of the Newfoundland government. It was completed and it now produces 5,600 megawatts of electric power, 35 billion kilowatt hours per year that is purchased by Quebec Hydro and sold by CFL Co. It is the equivalent of 60 million tons of oil in energy. Under that contract, the power is

Newfoundland Hydro

sold for 3 mills, that is three tenths of one cent per kilowatt hour, which transposes into \$1.80 per barrel of oil. The equivalent price of oil would be \$1.80 per barrel. Under the contract entered into, which became effective September 1, 1976, for 65 years, this contract will continue to the year 2041. After 40 years, the price will go down to 2 mills per kilowatt hour, two tenths of one cent per kilowatt hour, the equivalent of \$1.50 per barrel of oil. This will be in the year 2016. In essence Quebec will be getting oil at \$1.50 per barrel, or hydroelectric energy at a price of 2 mills per kilowatt hour.

As we know, imported oil is now costing Canada \$40 per barrel. Quebec obtains its power at a cost to Quebec Hydro of about 10 mills per kilowatt hour, when you include the cost to Quebec of bringing it across the transmission lines from Churchill Falls into Quebec. The power that they are getting at a cost of 10 mills per kilowatt hour, they are now selling within Quebec for an average price of 25 mills per kilowatt hour. The profit per year to Quebec Hydro for 35 billion kilowatt hours of energy sold at 25 mills per kilowatt hour is \$525 million a year. That is a very good deal, you might say. You might say they were stupid in Newfoundland to have entered into this arrangement, and doubtless that is true. The person who was responsible was the then premier, Mr. Smallwood, who in large measure has to bear the responsibility for this. Of course, we are looking back from our vantage point now and it is very easy to be smart in hindsight.

This contract does not have a provision for renegotiation or escalation. The inflation alone would amply demonstrate that if CFL Co. were left as a private enterprise, it would be bankrupt before this contract was even half completed. This contract was so ineptly drafted, showed so little forethought, that CFL Co. would have been bankrupt if left as a private enterprise before half the 65-year term of the contract was over. There was not even an escalation clause included to cover inflation.

That is a very good contract for Quebec Hydro. In Newfoundland there is a feeling of great injustice. I do not think Newfoundland is making any money from this. The \$8 million or \$10 million, which was the original estimate of what Newfoundland would make in the Upper Churchill, has gone with the increased costs since then. This is confirmed by the study done by the Economic Council of Canada. That is the Upper Churchill.

In 1974, the Newfoundland government took over CFL Co. from Brinco by nationalizing it. I was there and I am delighted to have been a member and one of the originating spirits of that action. Work was planned to begin development on the Gull Island site in the Lower Churchill. That site would provide 1,700 megawatts of power. Work was also planned to develop the Muskrat Falls site on the Lower Churchill River, which would have produced another 600 megawatts of power, resulting in a total of 2,300 megawatts of power.

Newfoundland had to have the power. It ran out of new hydro sources in Newfoundland, as I will demonstrate in a moment. They are now left to use very expensive oil. We all know what has happened to oil. Newfoundland spent \$78.3