

6. There are three main questions in which the Government of the Province of Quebec has an important interest. The first is the question of representation on any international boards or commissions that might be dealing with problems of concern to the Government and Legislature of Quebec. The second is the apportionment of the rights and obligations arising out of the development of the Beauharnois section of the St. Lawrence River, in a manner that would be just, having in mind the interests both of the Government of Canada and of the Province of Quebec. The third is the settlement of the basic principles upon which would be worked out the ultimate development of power in the Lachine section.

7. First, with regard to representation on international boards or other bodies directing the design or construction of the works in the International Rapids Section of the St. Lawrence River for navigation and power, or directing the regulation or control of the flow of the river in that section, you may be assured that Quebec, at all times, will have adequate and acceptable representation.

8. Second, with regard to the apportionment of rights and obligations arising out of the development of the Beauharnois Section of the St. Lawrence River: power developments in this Section have been carried on over a long period of years, without the formulation by the interested Governments of any agreement that would provide for a just and fair settlement of the respective Dominion and Provincial rights arising out of a comprehensive power and navigation project. It is, therefore, necessary to reconsider arrangements in this section of the river, with a view to placing the respective rights and obligations of the two Governments in a position reasonably comparable to that which will be established under arrangement between Canada and Ontario for the comprehensive and co-operative development of navigation and power in the International Rapids Section.

9. With this end in view, the Government of Canada would be prepared to undertake that, if and when Quebec takes over the control and operation of the Beauharnois development, there will be paid to the Government of Quebec, by the Government of Canada, the sum of \$7,972,500. This sum is based upon the assumption that the common works will be completed before Quebec takes over the control and operation of the development and upon a calculation of the estimated cost of the common works in the Beauharnois section, made by Mr. Lindsay of the Department of Transport in co-operation with Dr. Lefebvre, Vice-Chairman of the Quebec Streams Commission, and it is understood that this estimated cost would meet with Dr. Lefebvre's approval. The actual figure is $37\frac{1}{2}$ per cent of the estimate. The reason for the adoption of this percentage is that the apportionment of the cost of common works between Canada and Ontario works out as $37\frac{1}{2}$ per