

Adjournment Debate

tion, and the question arises as to whether a pension should be paid for an unrelated death.

Canada does not take a back seat to any country in so far as our pension legislation is concerned. The benefits we provide for the disabled servicemen or women or their surviving dependants are far greater than those provided by most other countries. I am not aware of any of our major western wartime allies who pay automatic survivor benefits to widows approaching the 48 per cent basis which we in Canada use.

Having said that I must also say that the entire matter of veterans' benefits—and that includes prorata widows' pensions—is always under constant review by the Department of Veterans Affairs, by the Canadian Pension Commission and by the other agencies of my ministry to see what changes can be made to improve the lot of veterans and their dependants.

ENERGY—GOVERNMENT POSITION ON CONSTRUCTION OF INTERPROVINCIAL TRANSMISSION LINES

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise in connection with a question I asked the Minister of Energy, Mines and Resources (Mr. Gillespie) on November 9 concerning whether he was taking any action to follow up on the statement he made in Labrador last July that he favoured the approach of the federal government exercising its powers under the BNA Act to declare hydro energy transmission lines to be in the national interest, or whatever the wording is, so that they can be built across provinces, without the consent of the provinces, if necessary, in the same manner as oil and gas pipelines are and have been built.

The reason for asking the question is the very unsatisfactory position in which the province of Newfoundland now finds itself with respect to its hydro energy potential in Labrador, particularly at Gull Island, which has a potential of 1,800 megawatts of power and Muskrat Falls just downstream which has a potential of 600 or 700 megawatts, which project has been brought to a halt because of the attitude of the Government of Canada and the attitude of the government of the province of Quebec. It is somewhat a coincidence that I am speaking tonight at the moment when the government of Quebec is changing, but there is no reason to expect or hope that the new government of Quebec will be any different from the old one in this respect.

The Gull Island project would have provided 1,800 megawatts of power, of which it was planned to bring a great deal to the island of Newfoundland through a transmission line by way of a tunnel under the Strait of Belle Isle and then, of course, to distribute it within the island of Newfoundland. As the project was originally conceived, there would have been surplus energy which would have had to be sold to someone for a period of 10 to 15 years in order to make the rest of the project feasible. The only possible customer was the province of Quebec, our neighbour, adjacent to the land mass of Labrador.

● (2210)

When the project was first mooted in 1974 the estimated cost, not the detailed cost, was \$1.1 billion. The Government of Canada was requested to assist in the project because the province could not finance it with its own credit. There was plenty of precedent for this, including the Nelson River development in Manitoba where the federal government advanced the total financing for the transmission line by way of loan. The government of Newfoundland requested treatment less generous than that.

In the event, after the estimates had gone to \$1.47 billion for both the hydro generation and transmission part of this project and the tunnel, the federal government agreed on February 10, 1975, to lend 50 per cent of the cost of the transmission line up to \$343 million, at Crown corporation interest rates. That was a loan, not a grant. It agreed to defer principal and interest repayments for five years after completion if a case were proven to show that was necessary, and to capitalize the interest during construction. All of this would have given us a benefit of \$425 million out of the then estimated cost of \$1.47 billion.

As you know, Mr. Speaker, inflation is rampant. When the final estimates on that project were completed by June, 1975, they showed the cost rising to \$2.1 billion, including interest during construction, escalation of costs and the rest of it.

Any financial review showed that the province could not undertake the project without greater financial assistance from the federal government. At the end of August, 1975, the then minister of finance was contacted by letter, and I will not go into the details, with a request for greater financial assistance. In the meantime we had not received any commitment from Quebec Hydro to buy the surplus energy. They would not give us a commitment because they said they did not need the surplus energy and could not use it with James Bay coming into production, although their network to take it from Labrador to the other provinces and the United States could take all the surplus.

The authorities in the province of Quebec have always taken the position that no other province can transmit electricity across its boundaries unless it buys the power and resells it. They are in a position to dictate price to Newfoundland and to keep all the benefits for themselves if they so wish.

Since it was not possible to sell the surplus energy to Quebec and it was not possible to get an immediate answer from the federal government as to whether it would give more financial assistance, the government of Newfoundland had to discontinue the plan to generate hydro at Gull Island. It had to change the plan and ask Quebec whether it would sell sufficient power to us to construct one transmission line from the upper Churchill project so that we could bring that down and go ahead with the transmission line and the tunnel, with our energy to come from that source which they have under contract from Hydro Quebec.

The federal government told the province that it could not consider any greater financial assistance until they had settled