

Newfoundland Hydro

I am not advancing this or putting these facts forward in any way against the province of Quebec. Naturally they want to protect themselves and enjoy all the fruits of that contract they can enjoy. As I said before, their politicians and their government have to remember that if the cost of power goes up in Quebec because Hydro-Quebec agreed to pay more for Upper Churchill power, their own electorate might be very, very angry at them. So the only solution now is either if the Newfoundland legislation passes the test of being *intra vires*, that will mean that there will have to be a settlement between Quebec and Newfoundland because their two bargaining powers will then be just about equal and they could work out some arrangement between them, or, failing that, the Government of Canada has to exercise its jurisdiction in the national interest because this power is not all needed in Quebec. The power is not all needed in Newfoundland. It will save the importation of tremendous amounts of expensive oil altogether on the Upper and Lower Churchill and the other rivers that I have mentioned, 120 million barrels of oil a year in energy. That is why I say it is a national tragedy. That is why I have put this motion forward. I hope putting the facts on the record will induce members of this House to urge the government to take some action, and take it now, before the final conflict and struggle comes when the Newfoundland legislation is found to be *intra vires*. If it is found not to be *intra vires*, there is no telling what the future will hold for the province of Newfoundland or what confrontations or conflicts will then ensue.

● (1620)

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, one of the advantages of being a member of this House is that you can see problems outside your region and appreciate some of the great difficulties in making a country like Canada work. My riding is in Vancouver, some 4,000 miles away from the area talked about by my friend, the hon. member for St. John's West (Mr. Crosbie). I learned a lot from what he said in his speech today. I want to state some of what I have learned in order to clear it in my mind and get it on the record. I want to suggest some ways this very delicate issue might be handled.

I understand that 14 years ago Newfoundland agreed to sell almost all the hydroelectric power from its massive Churchill Falls project in Labrador to the province of Quebec, that it is a 65-year contract, and that Quebec agreed to pay Newfoundland \$100 million a year. That works out to slightly less than three mills per kilowatt power per hour. A mill is one tenth of a cent. Since the signing of that agreement in 1967, world energy prices have soared. Current market prices for electricity are in excess of 30 to 50 mills per kilowatt hour.

As I understood the hon. member for St. John's West, Newfoundland should be collecting about \$700 million a year for this energy. It wants Quebec to tear up the old contract and renegotiate. I gather that Quebec says, "A contract is a contract. We know bargain-basement prices when we see them, and we will not tear it up."

The hon. member also referred to a court case, which no doubt will be decided by the Supreme Court of Canada. I have read and heard about this issue before. It is like a peat fire smouldering under the surface for many years, and now it is flaring up. It is approaching the stage where we must think of trying to resolve this problem.

I knew the hon. member was going to make his speech today so I made some inquiries as to the Quebec side of the argument. Being a lawyer like the hon. member for St. John's West, I suspected there are usually two sides to any argument or case. I want to put this on record as well and to clarify it in my mind and get it through my thick Scottish head so that I can make some suggestions.

I understand that Quebec maintains that unless Hydro-Quebec had agreed to buy the electricity in the first place, the Churchill Falls project would never have been developed. I also understand that Quebec Hydro raised money for the project in the United States, laying itself on the line in doing so, because Newfoundland could not raise the money. It may be said that it was easier for Hydro-Quebec to raise the money than for Newfoundland, to do so.

I further understand that the province of Quebec had been involved with long-term contracts with Ontario for hydroelectric power at very disadvantageous rates. In fact, when the last contract expired in 1976, Ontario was paying 2.7 mills for Quebec power. The then market value was four mills. That was the going rate for power generated by Ontario Hydro at the time. Quebec did not like those contracts but, to quote Premier Lévesque, they lived up to them to the bitter end. One might say there is a big difference between that discrepancy in mill rates and the discrepancy the hon. member for St. John's West clearly set before the House today.

I understand there is another issue running in tandem with this, which was not mentioned today by the hon. member for St. John's West. There has been a long-term Quebec-Newfoundland dispute as to who owns Labrador. That dispute goes back some time. Again to quote Premier Lévesque, he said, "If we were robbed in 1927, by God it was only simple justice to get some of our own back by getting the lowest possible price for their power." The issue of an equitable contract is therefore clouded with the issue of the ownership of Labrador. It may not logically follow, and some would say it should not, but it is there. When you try to weigh the argument on both sides, you have to recognize that.

The hon. member's resolution may be somewhat premature. The National Energy Board Act amendments in the energy security bill before the House will cover some of the concerns the hon. member mentioned. Let me say something about that so that I can get it clear as to what those amendments do.

As I understand it, the amendments to the National Energy Board Act, as proposed in the energy security bill, will have the effect of broadening the board's jurisdiction with respect to power lines and redefining the board's jurisdiction in relation to oil and gas export prices.