

*Supply*

Further in that letter we find this:

We understand from contacts with our state department that it would view very seriously any Canadian action repudiating the treaty agreement—

My time is just about up, but this is my point. If the Secretary of State for External Affairs and the Minister of the Environment do in fact have an agreement with our United States friends that this flooding is not going to take place, surely it is an obligation on the government to say so in this House. Certainly it is an obligation of the government to say to the citizens' groups opposing this, raising money and getting ready to fight it before a United States tribunal, groups from both the Canadian and the United States side, that they can safely withdraw because this matter has been settled. This is what I ask the government to do. I ask hon. members to support this position and encourage the government to make such a statement.

**Some hon. Members:** Hear, hear!

• (1750)

**Mr. Davis:** Mr. Chairman, I shall say only a few words. First, I wish to congratulate the hon. member for Vancouver South for raising this subject. It is very important, especially in the eyes of the people of British Columbia. I believe it is also important to Canadians since what has happened here could create a precedent for good or ill in respect of other situations along the border between Canada and the United States.

The hon. member concluded by expressing concern about certain groups which are raising money to continue the fight in respect of the flooding in Canada of a beautiful valley. They need not be in too much of a hurry because the Federal Power Commission, which could be meeting on this subject, will not be considering the application by Seattle City Light and Power Company until late in the fall. So there will be a period of some months before that hearing will begin.

Let me try to describe the present situation. It is not one of flooding which is about to take place. It is one involving compensation. The hon. member for Vancouver South is a lawyer and therefore knows that this issue is now in the hands of lawyers on both sides of the border.

The province of British Columbia in 1967 signed a contract of sorts with Seattle City Light and Power which involved certain costs. It certainly involved a large expenditure on the part of Seattle City Light in subsequent years. The province of British Columbia has, in effect, torn up that contract and Seattle City Light is, in its eyes, out a considerable sum of money. This company is owned by the people of Seattle. Considerable jockeying is going on now concerning who should pay how much. It is yet to be settled as to whether there is some obligation on the part of the people of Canada, as distinct from the people of British Columbia as represented by their provincial government.

The amount of money involved could run into millions of dollars. Whether Canadians should pay any part of that amount really is the issue. It is really a question of who pays, and how much, what obligation was entered into by the province in 1967, and how binding that obligation is in respect of a financial settlement with Seattle City Light.

The federal government has been in touch continually with the state department in Washington. It is my understanding that the state department has in recent weeks been in touch with Seattle City Light, but I suspect this jockeying will go on for some time. It is essentially a matter of the amount owing, and who pays whom in respect of the unfortunate incident.

**Mr. Fraser:** Mr. Chairman, would the minister permit a question?

**Mr. Davis:** Yes.

**Mr. Fraser:** Through you, Mr. Chairman, I would like to address a question to the minister. I am not so naive as not to know that there is a certain amount of jockeying going on in respect of compensation. I am also a good enough lawyer to know that if a contract is broken by frustration, one cannot claim damages. The frustration was created by an act of the Government of Canada. The agreement under which Seattle wishes to claim damages may have no effect at all. I ask the minister whether he or the government is prepared to say to this House, positively and absolutely, now, that there is no possibility of this flooding taking place; not just now but at all.

**Mr. Davis:** I may be sticking my chin out a bit, but I would say there is no possibility of it taking place.

**Mr. Munro (Esquimalt-Saanich):** Mr. Chairman, if the minister would permit a question I would like to ask him this. The minister mentioned that the question is one of compensation. In this particular context "compensation" could mean different things. It could be compensation for damage in respect of flooding; it could also be compensation for expenses, expectations and failures in construction. Which sort of compensation are we talking about?

**Mr. Davis:** The only kind of compensation we are talking about is moneys expended by Seattle City Light in the interval, I believe, from 1967 to the present or to the time when they finally received word from British Columbia. There is some debate as to when they received word.

**Mr. Harding:** Mr. Chairman, it is very close to six o'clock. May I call it six o'clock?

**The Assistant Deputy Chairman:** Is it agreed that we call it six o'clock?

**Some hon. Members:** Agreed.

Progress reported.

At 5.57 p.m. the House adjourned, without question put, pursuant to Standing Order.