

substantially less than present costs of power in that area. Over half of the storage recommended could be completed within five years. Conservative preliminary estimates place the cost of this power to Canada at somewhat below 4 mills. It is estimated that the amount of power returned to Canada as its share of the downstream benefits in the United States would satisfy approximately a third of the estimated total power requirements in southern British Columbia by 1972.

Mr. Diefenbaker also emphasized that, even during the construction period, the proposed programme would be of considerable value to Canada in encouraging employment and promoting economic activity.

FEDERAL--PROVINCIAL COST-SHARING

The capital cost to Canada for the construction of storage reservoirs and transmission facilities required to produce the downstream power benefits and deliver them to the market areas is expected to be approximately \$450 million. "Now that we know what might be involved, the way is clear for detailed discussion of how the financing of these costs might be shared by the provincial and federal governments," Mr. Diefenbaker explained. "I should not wish to anticipate the outcome of these talks", the Prime Minister stated, "but the provincial government has already been informed that the Federal Government is prepared to make available funds for financing half the cost of the storage projects in Canada required to produce the downstream benefits. Any funds made available by the Federal Government should be, and are expected to be, recoverable, since the plan of development and its individual projects would be self-liquidating and would begin to earn a return on investment before all construction is completed".

Mr. Diefenbaker noted that the government of British Columbia would be primarily responsible for the construction and operation of the facilities in Canada, while the Federal Government would be responsible for the international aspects. Close co-operation between the two governments would of course continue and it was expected that consultations between federal and provincial ministers would be held shortly on various matters arising from the implementation of the recommendations.

UPSTREAM POWER DEVELOPMENT

The Prime Minister emphasized that the power benefits referred to represented only Canada's share of downstream power benefits in the United States. The capital investment involved will also make possible substantial quantities of hydro-electric power to be produced in Canada - as and when the demand warrants - by the installation of generating facilities in Canada both at the storage reservoirs mentioned above and at other sites. These substantial additional benefits can be achieved

without interference with Canada's international commitment under the proposed treaty.

Mr. Diefenbaker noted also that, under the terms of the proposed treaty, the United States would have an option for five years to create a trans-boundary reservoir on the Kootenay River by the construction of a dam, at its own expense, near Libby, Montana. If this project should be proceeded with, Canada would receive substantial benefits both from increased power production at existing and potential future power-plants on the Kootenay River in Canada and by way of flood control. All these benefits would be retained by Canada and, in return, Canada would provide and prepare the area required in Canada for the reservoir.

KOOTENAY DIVERSION

The recommendations also provide for the diversion of 1.5 million acre feet of water from the Kootenay River to the headwaters of the Columbia by Canada about 1980, when this additional flow will be useful for the generation of power in Canada. It is not expected that any significant flooding will be involved by this diversion.

The Prime Minister explained that public hearings would be held in accordance with the British Columbia Water Act before the recommendations for the construction of reservoirs in Canada were implemented. These hearings will provide an opportunity for discussion of details concerning the precise location of the storages and other related matters.

The Prime Minister emphasized that the essential goal of the negotiators had been reached - that is, the preparation of a mutually-beneficial arrangement that would stand the test of time. "The recommended development of the Columbia River system would", Mr. Diefenbaker continued, "be further evidence of the good sense of the United States and Canada in developing their respective resources. Further, the method recommended by the negotiators, which provides for the payment by both countries of all costs for facilities in their respective territories, would permit each country to retain full control of its resources and of the construction costs." "It is my belief", he concluded, "that implementation of the recommended plan of development for this great natural resource will not only be a fine example of co-operation between neighbours but will provide an important additional stimulus to the Canadian economy".

AMBASSADOR FROM LUXEMBOURG

On October 24, His Excellency Georges Heisbourg presented to the Governor-General his Letters of Credence as Ambassador-Extraordinary and Plenipotentiary of Luxembourg to Canada. The ceremony took place at Government House.