

Newfoundland Hydro

million working on the plans for those two projects. In 1976 the Newfoundland government had to stop because there was no agreement with Quebec. You might ask: no agreement about what? Well, Mr. Speaker, in Newfoundland we cannot develop 1,700 megawatts of power from the Lower Churchill without having more customers than exist in Newfoundland. The surplus has to be sold somewhere for a period of 10 to 20 years.

The only way to sell that surplus is to sell it to Hydro-Quebec for use in Quebec, and if Hydro-Quebec does not want it, to sell it to somebody outside Quebec, such as the United States, Ontario, New Brunswick or Nova Scotia who need and want the power. However, the position of the Quebec government has been negative. They have said: "No, you are not going to sell that power to anyone else". They have said: "You cannot transmit that power over our territory unless we buy the power ourselves." They will not allow us to sell to some third party, and they will not buy it.

In any event, they have told us that if they did buy it, they would not give us very much for it. They have said: "You have to surrender any rights or claims you think you have on the Upper Churchill before we will agree to let you sell this power to us or transmit it to anyone else."

Well, Quebec is obviously in a very strong position. The Government of Canada has never exercised its constitutional right to expropriate land or permit construction of interprovincial and international electricity transmission lines, such as they have done for oil and natural gas transmission lines. It has exercised its power to allow oil and gas to come from Alberta, across Saskatchewan, Manitoba and Ontario into Quebec. No province can stop them from doing that, but the federal government has not done that for hydroelectric transmission.

Newfoundland was left without any accessibility to the power from its sites at Gull Island and Muskrat Falls. In 1978, the federal and provincial governments formed the Lower Churchill Development Corporation, 49 per cent of which was owned by the Government of Canada and 51 per cent by Newfoundland. The two governments have spent \$25 million to date, \$15 million from the federal government and \$10 million from the province. The plans for the development of Gull and Muskrat have been found to be economic and feasible. Gull Island is preferred because it gives lower cost power, but the surplus power must still be sold for a number of years and Quebec has stopped all further progress because of the reasons I have outlined.

Now, Mr. Speaker, the Newfoundland government says it is not going to give up any claims on the Upper Churchill. Never will it give up its rights or claims on the Upper Churchill. No, no, never, never, nay never. No more will we sell our heritage, nay, never more. That is the attitude of the province of Newfoundland. They are not going to surrender their right to that tremendous resource on the Upper Churchill for justice and equity to develop the Lower Churchill. The Newfoundland government would allow the lights to go out first. I hope it will never come to that. It is unreasonable for it to be asked.

In an attempt to get justice on the Upper Churchill, Mr. Speaker, a court action was commenced in 1976, when I was minister of mines and energy in Newfoundland, under the original lease between the Newfoundland government and CFL Co. The action was taken under a provision of the lease which said that Newfoundland had the right, provided that upon the request of the government, consumers of electricity in the province shall be given priority where it is economic and feasible to do so.

Newfoundland, acting on that clause, asked Quebec Hydro and CFL Co. to permit Newfoundland to recall 800 megawatts of power. The answer from Quebec Hydro—and CFLCo had to observe what Quebec told them—was no, it is not going to allow Newfoundland to recall anything but the 300 megawatts permitted under the original agreement. They would not allow any more than that. We cannot get any power from the Upper Churchill, although we need the power on the island of Newfoundland and Labrador. A court action was commenced against CFL Co. and Quebec Hydro was joined as a party. It took five years to get it into court. It is in court now, the trial is under way and it will be another five years before that is all concluded. We cannot wait another five years. So in November of 1980 the Newfoundland government passed legislation known as the water rights reversion act which provides that they are going to expropriate, or nationalize, CFL Co.'s assets. They are going to take them over, take back the water rights. They will pay off all the bond holders, and if that legislation is found to be *intra vires* of the province, and I hope to God that it is, then Newfoundland will at last be in a position to deal *mano a mano* with the province of Quebec in this situation, because Newfoundland will own the assets and have the power and will not have to sell power to anyone. It could just turn the switch off quite legally and properly if this act is *intra vires* of the province. The case went before the Newfoundland court of appeal this month on a reference. They will be giving a judgment by early 1982. It took five years to hear the argument. All the parties were represented. After a judgment is given there, it will go to the Supreme Court of Canada, and we can expect to have an answer in another year as to whether or not that legislation is *intra vires* of the province. If it is, then the province for the first time will have an equal bargaining right with the province of Quebec. Quebec will have to sit down with Newfoundland, and they will have to decide on a fair and equitable arrangement on the Upper Churchill.

● (1610)

Newfoundland is not asking that Quebec give up its right to this power from the Upper Churchill or that it surrender much of the power. It only wants the opportunity to have some of that power at a reasonable cost to meet the needs in Newfoundland now. It wants and is quite prepared to do a deal with Quebec to develop the Lower Churchill and Muskrat Falls.

I have already mentioned the 1,700 megawatts on the Gull Island site. There are 600 megawatts at the Muskrat site. There are five more rivers whose headwaters originate in Newfoundland. They go down through the territory of Quebec