

This power would be available for distribution in Southern British Columbia at substantially less than present costs of power in that area. Over half of the storage recommended could be completed within five years. Preliminary and conservative 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 one-third of the estimated total power requirements in Southern British Columbia by the year 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.

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 dollars. "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 would not want 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 which are 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 take place shortly on various matters arising from the implementation of the recommendations.

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 expense, near Libby, Montana. If this project is 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