



Fourth Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS
(HANSARD)

34 Elizabeth II

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Hon. Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BIRT, Charles T.	Fort Garry	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, Hon. John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Q.C., Brian	Ellice	NDP
COWAN, Hon. Jay	Churchill	NDP
DESJARDINS, Hon. Laurent	St. Boniface	NDP
DODICK, Doreen	Riel	NDP
DOERN, Russell	Elmwood	IND
	Kildonan	
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Hon. Harry M.	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
LECUYER, Hon. Gérard	Radisson	NDP
LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
MANNES, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, Hon. John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
SCOTT, Don	Inkster	NDP
SMITH, Hon. Muriel	Osborne	NDP
STEEN, Warren	River Heights	PC
STORIE, Hon. Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, 29 May, 1985.

Time — 2:00 p.m.

OPENING PRAYER by Mr. Speaker.

MR. SPEAKER, Hon. J. Walding: Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

INTRODUCTION OF GUESTS

MR. SPEAKER: Prior to Oral Questions, may I direct the attention of honourable members to the gallery where there are 46 students of Grades 7 and 8 standing from the Swan River Junior High School under the direction of Mr. Anderson. The school is in the constituency of the Honourable Member for Swan River.

There are 15 students of Grade 5 standing from the Wabowden School under the direction of Mr. Mihalyk. The school is in the constituency of the Honourable Minister of Business Development.

There are 19 students of Grade 9 standing from the Ross-L-Gray School under the direction of Miss Norman, and the school is in the constituency of the Honourable Member for Emerson.

On behalf of all of the members, I welcome you here this afternoon.

ORAL QUESTIONS

Manitoba Energy Heritage Fund - establishment and diverting of funds

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Mr. Speaker. My question is for the Premier, and it follows upon the announcement yesterday of the government's intention to set up a Manitoba Energy Heritage Trust Fund. My question to the Premier is: when will the government be establishing this trust fund?

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, that is a matter that is before the Minister of Energy and Mines at the present time.

It would be my hope that the establishment, by way of legal authority in respect to that trust fund, could be undertaken fairly soon, either prior to the end of this Session or within the next year at some point.

MR. G. FILMON: Mr. Speaker, I wonder if the Premier could indicate when the government expects to begin diverting funds from Manitoba Hydro to this Energy Heritage Trust Fund.

HON. H. PAWLEY: Mr. Speaker, the term "diversion" I don't believe, in all fairness to the Leader of the Opposition, is an accurate description.

What it is, Mr. Speaker, is ensuring that we utilize profits that are enjoyed as a result of the sale by Manitoba Hydro to the Northern States Power of some \$3.2 billion by way of gross sales, netting some \$1.7 billion in received profit, in the years 1992 to 2005. Mr. Speaker, it's our intention to utilize some of those funds in order to ensure that the rates of Manitoba Hydro remain the lowest in North America.

But secondly, Mr. Speaker, to ensure that 50 percent would be used in order to ensure that there's the establishment of a trust fund, a trust fund that could be utilized for building the economic base of the Province of Manitoba, to ensure that the Province of Manitoba can enjoy not only short-term economic development, but medium and long-term economic development as a result of the tremendous advantage that we as Manitobans enjoy in that we have a renewable resource, a renewable resource that we can use for the benefit of all Manitobans. We should in fact, as Manitobans, rejoice in the fact that we do have this unique, this particular opportunity to seize advantage of the resources in this province to utilize them for the benefit of all Manitobans.

MR. G. FILMON: Mr. Speaker, I assume that you consider that response to be in order, despite the fact that my question was, when would the government begin to divert funds into this Heritage Trust Fund? Will it, for instance - and I'll be more specific - will funds be beginning to be diverted by 1995 into this Energy Heritage Trust Fund?

HON. H. PAWLEY: The contract in respect to the receipt of the funds will flow as from the date of entry into the contract insofar as the monies that will be received by the fund. They will take place at different times during the 12-year term of the contract.

MR. G. FILMON: Mr. Speaker, in view of the fact that Table 53 of the National Energy Report on the proposed sale to Northern States Power says that by the year 1995, in the Sale Sequence - the sequence that we do have of development right now of the Limestone Generating Station - we will have a net accumulated excess of costs over revenues, that is a net accumulated loss, of \$369,000,000 in 1995, how will we be diverting funds at that point in time into the Energy Heritage Trust Fund?

HON. H. PAWLEY: The honourable member can rest assured that the act that will be presented for debate, especially in this House, will have an opportunity to debate insofar as the money that will be involved . . .

MR. SPEAKER: Order please, order please.

HON. H. PAWLEY: . . . before the National Energy Board, I believe there were some questions that were raised by honourable members across the way suggesting there was no profit, Mr. Speaker. Let us ensure the record is clear.

Submissions were raised, I believe it was by the Provincial Conservative Party of Manitoba before the National Energy Board hearing in November, that there would be no profit realized. That was the position that was presented by the Conservative parties before that board.

Mr. Speaker, the board did not share the view that was put forth by the Conservative Party in Manitoba.

MR. G. FILMON: Mr. Speaker, I fear that the rules of this Chamber are starting to be abused rather seriously by the Premier. But, Mr. Speaker, in view of the fact that again this same submission to the National Energy Board and the same report of the National Energy Board with respect to the development of Limestone and the Sale Sequence, under which we are operating at the present time, indicates that in the year 2000 the excess of accumulated costs over accumulated revenues, that is the net loss, will be \$131 million to the Manitoba Hydro in the Sale Sequence, where will the funds come from to be diverted to this Energy Heritage Trust Fund?

HON. H. PAWLEY: Mr. Speaker, there will be a profit, the honourable member can rest assured. The National Energy Board verified that. The Minister of Energy and Mines has presented data in respect to that. Mr. Speaker, I know the Conservative Party disputed that insofar as their submission to the board is concerned.

Mr. Speaker, we are prepared to debate and to articulate the extent of that profit which is \$1.6 to \$1.7 billion. In fact, the Minister of Energy yesterday indicated that in view of the fact that the bids may very well be coming in less than what was anticipated, the return may even be better than what had earlier been indicated - better rather than lower than what had been indicated.

So I think the honourable member can rest assured that the projections, rather than being on the low side as the Minister has presented them and the National Energy Board found, may very well be a little higher than what had been indicated.

MR. G. FILMON: Mr. Speaker, I'm not quarrelling with the assumptions that are being made by the people on the other side of the House, by the Premier and his Ministers. I'm not quarrelling with the assumptions that they presented to the National Energy Board. I'm quoting from the report of the National Energy Board, Mr. Speaker, and in view of the fact that this . . .

MR. SPEAKER: Order please, order please.
The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, for the Minister of Labour, he should object to the speeches of his Premier which had nothing to do with the questions I was asking.

Mr. Speaker, in view of the fact that this National Energy Board report says, and I quote for the Premier, "As can be seen Manitoba Hydro projected that the total revenue would exceed the total cost by over \$400 million." And "The cost recovery analysis also indicated that the accumulated revenues would not exceed the accumulated costs until the year 2001." When will the revenues start to flow into the Heritage Fund?

MR. SPEAKER: Order please, order please. Order please.

The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, I don't know on what basis the honourable member is utilizing the calculations that he has presented to us. But, Mr. Speaker, the point that was made very clear, and I will make a point of reading to the honourable member the National Energy Board findings in respect to this. Insofar as the cash flow is concerned, there will be an excess. There will be a profit to Manitobans so that Manitobans can enjoy a complete profit in respect to the sale.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. H. PAWLEY: Well it's unfortunate, Mr. Speaker, that the honourable members do not want to listen. If they want to believe doom and gloom, if they want to believe the worst, Mr. Speaker, let them continue to do so. That will not be verified by the facts.

MR. SPEAKER: Order please.

The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, I just want to confirm that I'm not preaching doom and gloom, I am seeking factual information, and I'm quoting from the National Energy Board Report, Page 16.

MR. SPEAKER: Question.

MR. G. FILMON: But further, Mr. Speaker, in view of the fact that Manitoba Hydro in its report before the Public Utilities Committee last spring indicated that they were projecting that the rates of Manitoba Hydro would double between the years 1983 and 1993 without the imposition of the costs of Limestone on the system, how can he say or how does he propose to keep the hydro rate increases down and at the same time, divert some of the funds to this Energy Heritage Trust Fund?

HON. H. PAWLEY: Mr. Speaker, we'll be delighted to proceed by way of detail for the benefit of the Honourable Leader of the Opposition that stabilization of rates can take place as according to the projections by the Minister of Energy and by the Manitoba Hydro and at the same time, ensure that there be a Heritage Fund launched for the people of the Province of Manitoba.

Mr. Speaker, what I think is more pertinent this afternoon is, that rather than continued attempts to undercut the development of Limestone we hear from the Honourable Leader of the Opposition whether he now favours Limestone development or not.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. Order please.

I am having some difficulty in hearing the questions and the answers.

Chisholm, Al - resignation

MR. SPEAKER: The Honourable Minister of Business Development.

HON. J. STORIE: Thank you, Mr. Speaker. My colleagues took as notice a number of questions yesterday and Monday in my absence.

The first question related to the resignation of Mr. Chisholm from his duties with the Manitoba Horse Racing Commission. The question was, was there any inexplicable reason for that resignation?

Mr. Speaker, the resignation was for personal reasons. It had nothing to do with his relationship with the Manitoba Horse Racing Commission. I understand Mr. Chisholm is returning to Nova Scotia.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

Shaw, William - full-time judge

HON. J. STORIE: Mr. Speaker, the second question related to the employment of a Mr. Shaw and his relationship to the Horse Racing Commission. Mr. Shaw has worked for the Manitoba Horse Racing Commission for some time, and in fact his relationship with the Horse Racing Commission predates the current chairman's involvement with the Horse Racing Commission. That was raised as an issue.

In addition, Mr. Speaker, the Member for Swan River raised a number of concerns with respect to a contract relationship that exists between Manfor and Simpson Timber and a mill in Hudson's Bay, Saskatchewan. He decried the fact that this was causing a loss of jobs to Manitoba.

Mr. Speaker, for the member's information in the first place, this deal, this contract, this relationship has existed for a number of years, going back to 1978. The most recent one where purchases of roundwood were made from Simpson Timber was concluded a number of years ago, so it isn't as if this is a new situation. It may be new to the Member for Swan River, but that's understandable.

Mr. Speaker, in the second place, the arrangements that are made with Simpson Timber and the mill in Hudson's Bay result in a net benefit to Manfor of over \$1 million. I think that's good management to make those kinds of arrangements.

Mr. Speaker, the second point is that there is no net loss of jobs as a result of this particular contract. The jobs that would be created by the cutting and the trucking of those round logs from Simpson's Timber are more than compensated for the number of trucking jobs that hauled chips and hog fuel from Hudson's Bay, Saskatchewan.

So, in fact, we have a net gain of jobs, a net saving of \$1 million. Mr. Speaker, I think that's good management.

Limestone carrying costs - effect on rates

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, in view of the fact that last year at the Public Utilities Committee meeting,

Manitoba Hydro officials confirmed that it was expected that hydro rates would double between 1983 and 1993 and, in view of the fact, that as well the government is intending now to divert some of the funds that will be coming from its sale of power to the United States, what impact will this have on hydro rates when the carrying costs of the Limestone Development come onto the hydro system after 1993?

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, if the project does not proceed and if we follow along the course of action as proposed by the Conservative Opposition the increase in hydro rates will be greater than the course that we are proceeding at the present time because, Mr. Speaker, the honourable member doesn't have to listen to what we say in respect to that; that is also the finding of the National Energy Board. The National Energy Board washed away one by one the submissions that were made by the Honourable Leader of the Opposition and by those who were representing the Leader of the Opposition before that board.

So that, Mr. Speaker, if the honourable member wants to talk about hydro rates, let us be clear that the hydro rates will increase at a rate higher and faster than what they are now if we do not show the initiative and the courage to proceed with the development of electric power in the Province of Manitoba; and the Energy Board, a close rating of the findings of the National Energy Board, verify that rather than selective pieces from the Leader of the Opposition.

Mr. Speaker, the Leader of the Opposition can, if he so desires, attempt to take the entire 60-some years of the lifetime of the dam and try to load that into the first 12 years insofar as the development.

MR. G. FILMON: I'm quoting the National Energy Board.

HON. H. PAWLEY: Well, Mr. Speaker, the National Energy Board . . .

MR. D. ORCHARD: You can't lie your way out of this one.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. Order please.

If members cannot use proper parliamentary language, perhaps they should go outside of the Chamber.

Oral Questions.

The Honourable Leader of the Opposition.

HON. H. PAWLEY: Well, Mr. Speaker, just on a point of order . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

The Honourable First Minister on a point of order.

HON. H. PAWLEY: Mr. Speaker, I was answering the Leader of the Opposition's question, unless the Leader

of the Opposition is rising on a point of order, which I don't believe he is.

MR. SPEAKER: Order please. A question should not be of an argumentative nature. Answers to them should not become speeches or be equally argumentative. The Honourable Leader of the Opposition has a question? The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, in view of the fact that hydro rates are projected to double by 1993 and, as well, the government has now announced an intention to divert funds, can the First Minister ensure the people of Manitoba that our hydro rates will not rise more rapidly after 1993 than the cost of living index in Manitoba?

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please. The question is somewhat hypothetical. The Honourable Leader of the Opposition.

MR. G. FILMON: Well, Mr. Speaker, we're looking for some assurances from the Premier because they are intending, as well as projecting doubling rates and further increases, they're intending to divert funds.

Mr. Speaker, I believe the people of Manitoba want an assurance that their hydro rates will not rise more rapidly than the cost of living index. Can the First Minister give us that assurance?

MR. SPEAKER: Order please. That is the same question that I've told the honourable member is hypothetical.

HON. A. ANSTETT: Mr. Speaker, on a point of order.

MR. SPEAKER: The Honourable Government House Leader on a point of order.

HON. A. ANSTETT: Yes, Mr. Speaker, it is our intention to call the Annual Report of the Manitoba Energy Authority and Manitoba Hydro, shortly. In fact, I was hoping to announce later today after consultation with the Opposition House Leader - Mr. Speaker, the effrontery of the Leader of the Opposition from his seat goes once too far.

I had already mentioned to the Opposition House Leader yesterday - . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. A. ANSTETT: . . . yesterday that I was planning committee meetings for next Tuesday and Thursday.

Hydro officials have been on notice for some time. It is my hope that those committee meetings will proceed next Tuesday, Thursday and possibly the following Tuesday for detailed examination of hydro forecasts and their report.

The kind of detailed material being asked of the First Minister now with regard to hydro rate forecasts is

normally obtained in the review of those annual reports at committee.

Subject to consultation with the Opposition House Leader, that meeting could be as early as next Tuesday.

A MEMBER: Is that a point of order?

HON. A. ANSTETT: It is absolutely a point of order, Mr. Speaker. I suggest that the . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please.

HON. A. ANSTETT: I suggest that the kind of detailed examination of hydro rate increase forecasts and other material of that type which is normally reserved for hydro, could be more productively done there rather than in question period where that information is not available and staff are not available to supply all the detailed background information.

MR. SPEAKER: The Honourable Member for Virden.

MR. H. GRAHAM: Mr. Speaker, on a point of order, is it now unparliamentary to ask honest questions and expect honest answers in this Chamber?

Manitoba Energy Heritage Fund - establishment and diverting of funds

MR. SPEAKER: The Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, I want to ask an honest question. I direct the question . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

MR. H. ENNS: I direct the question to the Minister of Finance who is often delighted in using the National Energy Board decision and document with respect to justification for some of the decisions being made by this government.

What my leader was asking, in a series of questions, was how does a senior member of this Cabinet suggest to Manitobans that upwards of \$800 million will be put aside into a Heritage Fund, when the document that the Minister of Finance has often quoted in this Chamber says that, by the year 2000, Manitoba Hydro will still be in deficit by \$131 million. The question, and this is my question, Mr. Speaker, the question that my leader posed and the question that I am posing for the people of Manitoba is: when will the \$800 million be diverted from Hydro into the Heritage Fund? That's all, Mr. Speaker, it's an honest question; when will it happen?

MR. SPEAKER: Order please.
The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, if that is a question that the Member for Lakeside is directing toward me,

it's rather uncertain; it's difficult to define the difference between statements and questions from members.

Mr. Speaker, in reference to the same reference, it indicates very clearly by the year 2005, \$402 million in 1984 dollars. Mr. Speaker, we have always indicated that the profits from Hydro will be \$1.6 - \$1.7 billion in dollars received during the term of the contract, Mr. Speaker, so that the Energy . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please.
The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, obviously honourable members don't understand the difference between 1984 dollars, which the National Energy Board in its decision made very very clear, and future dollars which amount to \$1.6 - \$1.7 billion. Yet, the honourable members want to unwittingly or wittingly continue to muck around and try to misrepresent what the information was in the report from the National Energy Board, they can.

But, Mr. Speaker, I have no doubt that Manitobans understand and will clearly understand the benefits of this sale to Northern States Power, future sales to different utilities, Mr. Speaker. And, what is important today, rather than honourable members muck around and, rather than they attempt what we have seen for the last eight months on the part of honourable members, to spread doubt, to inject doom and gloom that we hear from honourable members. Do they want to cancel Limestone? Do they want to cancel the sale to Northern States Power, Mr. Speaker? That is the question that ought to be answered by members across the way.

MR. SPEAKER: Order please.
The Honourable Member for Lakeside.

MR. H. ENNS: Well, Mr. Speaker, from time to time the opposition is accused for wanting to have it both ways, but seldom do you see a government wanting it both ways. They have consistently quoted the National Energy Board report as gospel.

My question to the First Minister - this same National Energy Board, which we, by the way, don't accept as the final word on all things but accepting it for the purpose of these questions, says that by the year 2000 there will be no profit. Now my question to the Premier is: when will the first dollar, the first cent, flow into the Heritage Fund, and if indeed it happens before the year 2000, will it come from existing hydro rates? Will hydro rates be increased today, tomorrow, to start building up the Heritage Fund that this Minister is talking about? Because the National Energy Board says, no profits before 2000.

MR. SPEAKER: Order please.
The Honourable First Minister.

HON. H. PAWLEY: The member's question, unfortunately, Mr. Speaker, is based upon rubbish. The honourable member knows it is based upon rubbish. If the honourable member would read clearly the report of the National Energy Board, he would understand

that his question is based upon rubbish and not fact and, let me assure honourable members that, if we travelled down the road that he is proposing, hydro rates will be much higher under their approach than under the approach followed by honourable members on this side.

MR. SPEAKER: Order please.

Power - purchasing of at 80 percent of cost

MR. SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Mr. Speaker, my question is for the First Minister.

In the negotiations that Manitoba Hydro has undertaken to sell export power, has any utility that they have been in negotiation with offered to sell to Manitoba Hydro energy at 80 percent of our costs in Manitoba?

MR. SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Mr. Speaker, 80 percent of our costs . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. Order please.

HON. H. PAWLEY: Mr. Speaker, I am not going to attempt to rewrite fact, rewrite truth. There is no reference anywhere to selling at 80 percent of our cost. The National Energy Board says the very opposite and dismiss the suggestions that were made to their board by honourable members across the way that were trying to make such suggestions.

MR. SPEAKER: Order please.
The Honourable Member for Pembina.

MR. D. ORCHARD: Mr. Speaker, the Premier obviously did not want to understand the question.

My question was: has any utility in North America offered to sell to Manitoba Hydro their energy produced by their utility, wherever it exists in North America, to Manitoba at 80 percent of the cost of producing electricity out of Limestone, just exactly as we have done with Northern States Power?

HON. H. PAWLEY: Mr. Speaker, I can't respond to a question that's based upon an incorrect premise which is the basis upon which the Honourable Member for Pembina asks this question. I suppose the closest we came to that was the Western Grid that had been negotiated by the Conservative administration back in 1980-81, Mr. Speaker, when there was no profit involved for Manitobans - no profit whatsoever for 25 years, 25-year contracts. That was the closest we came to the type of proposal that has been made by the Honourable Member for Pembina.

Premier - resignation

MR. D. ORCHARD: My question is the First Minister. In view of the news emanating from the Province of Quebec that Premier Levesque will be resigning on June 22nd, would the First Minister assure this House that he will not make a similar announcement prior to the next provincial election?

MR. SPEAKER: Order please, order please. Order please.

RCMP turnover and recruitment

MR. SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: Mr. Speaker, on the 14th of May, and again on the 28th of May, I took as notice a question from the Member for Turtle Mountain with respect to the recruitment practices of the RCMP. I'm able to provide most, but not all of the information, but I told the member yesterday I would provide him with what I have in terms of information. I think the gist of the question is whether or not recruitment by the RCMP was proportional to representation of the force, or the numbers of the force in Manitoba.

The figures I have indicate that by and large in the Western provinces, because in the first instance the figures are broken down in that way, the RCMP has had consistently, approximately 40 percent to sometimes a high of 48 percent of its membership located in the Western provinces, that's Saskatchewan, Manitoba, Alberta and B.C. And that until November of 1982, the recruitment into the RCMP was roughly proportional to that representation roughly, but close enough, between 40 and 48 percent was the recruitment and between 40 and 48 percent, something like that, was the membership.

But in the fall of '82, in the first instance as a result of the recession and the fact that persons leaving the RCMP shrank because there were no other job opportunities, there was a recruiting slowdown as a result of instructions from Ottawa headquarters; and in the first instance a general slowdown did not extend in the same proportions to preferred applicants, that is affirmative action applicants, bilingual, female with a degree or aboriginal, there the recruitment was more concentrated in these areas, as the RCMP affirmative action program took hold.

Well, in fact in Manitoba because of a policy that has worked very very well and that is to increase the number of special constables for policing the reserves and by moving detachments on or close to reserves, we have increased the number of special constables in the Indian class, either under the 3B program or otherwise, very considerably in the past few years, that has worked very well and the results have been satisfactory.

That slowdown was extended to cover all applicants in March of '83 so that in fact the proportional representation which had held until the fall of '82, is now shifted so that in - and these are the last years for which I have figures - 1983-84 Western province recruiting was approximately 12 percent; Maritime recruiting 19 percent; Quebec recruiting 51 percent; Ontario recruiting about 18 percent. And I'll try to get more recent figures as soon as possible.

MR. B. RANSOM: Mr. Speaker, a question to the Attorney-General. Could the Attorney-General undertake to find out for the House how many people from Manitoba who are not in the affirmative action classes were recruited to the RCMP in 1983 and 1984?

HON. R. PENNER: Yes, I can give him figures to indicate that I can do that with respect to 1982-83, but obviously it's not going to be possible very easily, statistically speaking, for 1983-84. In 1982-83 there was a total of 21 recruitments from Manitoba and I'll get the breakdown of that. I don't know at present how those break down. I think substantially, they were not in affirmative action classes, but I'll get the answer.

In 1983-84, there were only two recruitments from Manitoba, so statistically there won't be much opportunity to break that down, and that's not a figure I'm particularly pleased with either. That's out of a total Western province recruitment of 10.

Teacher retirements - number of in 1984

MR. SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Thank you very much, Mr. Speaker. Last year in Estimates debate I questioned the Minister of Education as to the reason government support of the teachers' retirement allowance increased by some \$2 million to roughly a total of \$17.88 million, she attributed that increase on Page 797 of Estimates to two factors, basically, a significant increase in the number of retirees and the cost of living adjustments to existing pensions.

I would ask, how many more teachers retired in 1984 last year than was expected?

MR. SPEAKER: The Honourable Minister of Education.

HON. M. HEMPHILL: I'll take that question as notice, Mr. Speaker.

Teacher pensions - fully indexed

MR. C. MANNES: A supplementary, Mr. Speaker, I would ask the Minister, are teachers' pensions fully indexed and if they are not, to what maximum level are they covered for increases?

HON. M. HEMPHILL: Mr. Speaker, I'll undertake to provide answers to both of those questions.

MR. C. MANNES: A final supplementary, Mr. Speaker, what will be the total annual cost to the government in support of the pension fund for teachers, given the expected increase in retirements because of the enacting of Bill 26, could it be as high as \$30 million a year and will any of this money come out of the new Heritage Fund?

HON. M. HEMPHILL: Mr. Speaker, I think I indicated in the discussions yesterday on the bill that the cost to the early retirement benefit would be \$6.2 million

over the 30- to 40-year period that it would run, and I think that the details of the costs of all of the other - and I think I also said the part-time program would cost about \$200,000.00.

In terms of the other changes that have been brought in dealing with compliance to The Pension Reform Act, I will provide that information in detail during Estimates.

MR. C. MANNES: Mr. Speaker, I'm not talking about the effect of Bill 26. I'm talking about the total government support of all those teachers who have retired over the years and will continue to retire.

Will it be a sum close to \$30 million by 1990 and from what source will the government fund that particular amount of money?

A MEMBER: \$30 million!

HON. M. HEMPHILL: Mr. Speaker, I'll undertake to answer those questions as quickly as possible.

Professional engineers - bargaining stage

MR. SPEAKER: The Honourable Minister of Labour.

HON. A. MACKLING: The other day, Mr. Speaker, the Leader of the Opposition asked me a question in connection with negotiations with the organization of Professional Engineers of the Province of Manitoba, and I indicated I would take his question as notice.

I want to report to the House that the latest offer by the government to the bargaining unit was tabled May 13 and there's a further meeting scheduled for Tuesday, June 4.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Mr. Speaker, I wonder if the Minister could indicate whether or not an equivalent offer to that which has been made and accepted by MGEA has been made to this organization.

HON. A. MACKLING: Mr. Speaker, it will not be my intention in answering questions in the House to discuss the nature of offers or counter-offers during the course of negotiations.

Balmer, Spencer - position at Manfor

MR. SPEAKER: The Honourable Member for Swan River.

MR. D. GOURLAY: Thank you, Mr. Speaker. I have a question for the Minister responsible for Manfor. Can the Minister advise the House if Spencer Balmer is now employed at Manfor and, if so, what is his position and at what salary range?

MR. SPEAKER: The Honourable Minister of Business Development.

HON. J. STORIE: Mr. Speaker, I can inform the members that Mr. Balmer is employed at Manfor. As far as the details, I would certainly invite the member

opposite to bring up those specific questions when we deal with Manitoba Forest Resources at the standing committee.

Mr. Speaker, I would like to also answer another question that the member . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please.

HON. J. STORIE: . . . raised with respect to the relationship between the current chairman and the Opasquia Times. Mr. Speaker, the chairman and the board of directors put in place a set of conflict of interest guidelines, something that I believe all Crown corporations should have done many years ago and which members opposite did not see as part of good management practice, but we do.

Mr. Speaker, the relationship between the Opasquia Times and the chairman is acknowledged, has been disclosed to the board. Mr. Harvey, the chairman, indicates that he has no part in either the transactions from either end, from Manfor, or in terms of the functions that look after advertising in the Opasquia Times. But there are conflict of interest guidelines in place. There is no alternative in terms of advertising, and the members of the board of directors are well aware of that situation.

MR. SPEAKER: The Honourable Member for Swan River.

MR. D. GOURLAY: Mr. Speaker, I get back to my original question. Can the Minister tell us what Mr. Balmer's position is with Manfor, and what salary range is he at?

HON. J. STORIE: Mr. Speaker, I would be more than happy to answer the member's detailed questions when we come before standing committee. I have indicated that Mr. Balmer is in the employ of Manfor. Mr. Speaker, his position could be described as operations manager.

As members know and I indicated in the House, Mr. Sweeney had been hired on a two-year contract. It has been indicated in many forms that Mr. Sweeney was hired to do a specific job.

SOME HONOURABLE MEMBERS: Oh, oh!

HON. J. STORIE: Mr. Speaker, members opposite laugh, but they had no interest in managing Crown corporations in an efficient and an — (Interjection) — organized way.

MR. SPEAKER: Order please.

HON. J. STORIE: Mr. Speaker, we see that time and time again. We see that by questions from the Member for Swan River. Mr. Speaker, they don't understand what management is. Mr. Speaker, they were a joke; they didn't have the political initiative to take on the challenge. We have, and that's part of it.

MR. SPEAKER: Order please, order please. Order please. The answer to a question should not be a speech.

Time for Oral Questions has expired.

ORDERS OF THE DAY

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. Would you please call the adjourned debate on the resolution moved by the Premier, starting on Page 3?

MR. SPEAKER: On the proposed resolution of the Honourable First Minister and the proposed amendment thereto by the Honourable Leader of the Opposition and the proposed subamendment thereto by the Honourable First Minister, the Honourable Member for Fort Garry.

MR. C. BIRT: Stand.

MR. SPEAKER: Stand?
The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. Would you please call the bills on Page 2 on adjourned debate on second reading in the order in which they appear?

ADJOURNED DEBATE ON SECOND READINGS

MR. SPEAKER: On the proposed motion of the Honourable Minister of Community Services, Bill No. 12, the Honourable Member for Fort Garry.

MR. C. BIRT: Stand.

MR. SPEAKER: Stand.
On the proposed motion of the Honourable Minister of Community Services, Bill No. 14, the Honourable Member for Emerson.

MR. A. DRIEDGER: Stand, Mr. Speaker.

MR. SPEAKER: Stand.
On the proposed motion of the Honourable Minister of Education, Bill No. 26, the Honourable Member for Morris.

MR. C. MANNES: Stand, Mr. Speaker.

MR. SPEAKER: Stand.
On the proposed motion of the Honourable Attorney-General, Bill No. 34, the Honourable Member for St. Norbert.

MR. G. MERCIER: Mr. Speaker, I request the matter stand until I receive the information I requested from the Attorney-General.

MR. SPEAKER: Stand.

HOUSE BUSINESS

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Mr. Speaker, I wish to advise the House that the Standing Committee on Public Utilities and Natural Resources will meet next Tuesday, June 4th, and again on Thursday, June 6th, to consider and report on the Annual Reports of the Manitoba Energy Authority and the Manitoba Hydro-Electric Board in that order. If additional days are required after those two hearings, they will be found in the normal committee meeting schedule.

I cannot at this time announce an additional time for the Standing Committee on Law Amendments to continue hearings on Bill No. 2, but I expect to be able to do that shortly for sometime next week as well.

Mr. Speaker, I propose to move the House now into Committee of Supply. I would ask first if there is leave to dispense with Private Members' Hour.

MR. SPEAKER: Is there leave to dispense with Private Members' Hour today? (Agreed) I believe leave has been granted.

HON. A. ANSTETT: Thank you, Mr. Speaker. Before I make the motion, the Government Whip has a committee substitution, I believe, for the committee tomorrow.

COMMITTEE CHANGES

MR. SPEAKER: The Honourable Member for Riel.

MRS. D. DODICK: Yes, I have for Economic Development changes, Rupertsland for Ste. Rose; River East for Thompson; and Transcona for Osborne.

MR. SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. I beg to move, seconded by the Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented.

MATTER OF GRIEVANCE

MR. SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Mr. Speaker, I rise to exercise my privilege of a grievance to the House.

Mr. Speaker, I am taking my once a Session privilege as a member to speak on a matter of grievance, and I don't do this lightly because some issue in Health may come up. But after today's headline and more particularly, Mr. Speaker, after the complete lack of knowledge demonstrated by the First Minister, the Premier of this province, on the Northern States Power deal and the development of Limestone and this alleged Heritage Fund that his Minister of Energy and Mines announced yesterday to an economic conference, I choose my time to give my matter of grievance to the House.

Mr. Speaker, sometime ago in the introduction of the Health Estimates, I believe it was, I described the

Minister of Energy and Mines as the Minister of Deception and Guile. Yesterday, Mr. Speaker, the same Minister continued . . .

MR. SPEAKER: Order please. I would find that phrase offensive, and I believe that the House would, too. I trust that the honourable member does not intend to repeat that phrase.

MR. D. ORCHARD: No, Mr. Speaker, I won't repeat it if it's offensive to the House.

But, Mr. Speaker, the Minister of Energy and Mines announced at an Economic Conference to various invited participants that his government was going to set up at some point in time a Heritage Fund to place profits from the sale of Manitoba Hydro to Northern States Power, profits which he alleges are going to be in place. Upon questioning apparently by members of the press, the Minister of Energy and Mines could not indicate when that Heritage Trust Fund might be set up.

Mr. Speaker, today we attempted to elicit from the First Minister when that Heritage Trust Fund would be set up and, more importantly, Mr. Speaker, when the first dollar of alleged profits from the Northern States Power sale would flow to that Heritage Fund. And today, Mr. Speaker, we had the demonstration that this First Minister, this leader of a government that is going to commit 3 billion taxpayer dollars to build Limestone to sell power to Northern States Power, we found that this First Minister does not understand what his Minister of Energy and Mines signed and what he announced yesterday. The First Minister seems to be completely out of touch with reality.

Mr. Speaker, he called the quotation that my leader used in posing a question complete rubbish. That complete rubbish, Mr. Speaker, was a direct quote from the National Energy Board "Reasons for Decision," a document that time and time again this First Minister and his Ministers of the Crown have said is a glowing endorsement of this government's energy development plan and sale of electricity to Northern States Power. The First Minister today described it as rubbish.

Now, Mr. Speaker, how can the First Minister, when he wants to attempt to influence Manitobans into believing that this government is competent, that this government knows what it is doing, use this report as every endorsement of competence and then, today, when he can't answer some very straightforward questions on an announcement made yesterday by his Minister of Energy and Mines, today he can't answer a question and today the same document is rubbish?

Well, Mr. Speaker, we want to deal today with some of the rubbish, as the Minister describes it, that is part and parcel of this National Energy Board "Reasons for Decision," and this rubbish, as the First Minister describes it, are the facts and figures that are presented by Manitoba Hydro to justify this government's development plan, this government's sale of electricity to Northern States Power. I am very careful, Sir, in not saying Manitoba Hydro's development plan and Manitoba Hydro's sale. This is this government's sale and development plan and the figures that are presented are Manitoba Hydro's figures and they were described today, Sir, by the First Minister as rubbish.

What confidence do Manitobans have, what confidence do we have on this side of the House that this document, and this alleged profit, and this alleged benefit to Manitoba exists if, today, the First Minister describes the facts laid out from it by my leader as rubbish? Should we have confidence as the ratepayers for Manitoba Hydro who are going to pick up the costs of this blundering government? Are we to accept the statement three months ago that it was a great victory for Manitoba, or today's statement by the First Minister that the facts contained in here are rubbish?

Well, Mr. Speaker, I want to point out to honourable members that their Minister of Energy and Mines is quoted in today's Free Press - and I will only read out the quote - "Energy Minister Wilson Parasiuk said about \$800 million of the estimated \$1.7 billion profit from a sale to Northern States Power will flow into the fund between 1993 and 2005." That's what the Minister of Energy and Mines is reported as saying yesterday.

Today we try to get the First Minister to confirm when the first dollar of this alleged profit would flow. He did not know the answer, Sir. I suspect the First Minister did not even know his Minister of Energy and Mines was making that announcement yesterday because he so completely lacked any background information from obviously what would be a subject of question today in question period.

Now, Mr. Speaker, we're not using, in our questions today, figures that we have developed in the Progressive Conservative Party; we are using figures that Manitoba Hydro presented to the National Energy Board. The National Energy Board checked the arithmetic on these figures and said, "Yes, given the assumptions made by Manitoba Hydro, these figures are essentially correct." And here, Sir, is what they said: "Now, this I will give to you, Sir, given the background that this government talks about a \$1.7 billion profit from the sale of electricity to Northern States Power." The Minister of Energy and Mine said it yesterday.

Page 16 of the National Energy Board decision, Table 5(3) describes the sales sequence which describes the cost-recovery analysis submitted by Manitoba Hydro. In other words, Sir, Table 5(3) is Manitoba Hydro's delineation of what their costs will be in undertaking this sale to Northern States Power and what the recovery of dollars from the sale in revenues will be. This is the page that the First Minister, the Premier of this province, described as rubbish today, Mr. Speaker.

Mr. Speaker, we wanted to know when the first dollar of this alleged profit would flow to this Heritage Fund. I asked the First Minister, "Is it going to be 1985?" No, no it won't be. "Will it be 1990?" No, Sir, it won't be, because in 1990 we have a \$345 million accumulated loss from this deal with Northern States Power. "Will it be 1995? The sale has already started; there is cash flow from this sale." No, it won't be, Mr. Speaker, because in 1995 the accumulated loss will be \$369 million. "Well, then, Sir, will it be year 2000 when there is only five years left in this \$1.7 billion profit sale?" No, Sir, it will not be the year 2000, because in the year 2000 we have still got \$131 million as a result of this sale. "Will it be year 2005?" Sir, finally, the alleged profit shows up in Manitoba Hydro's own figures by year 2005.

I want to quote, Sir, what is said in explanation of Table 5(3). My quote is, "As can be seen, Manitoba

Hydro projected that the total revenue would exceed the total cost by over \$400 million. The cost-recovery analysis also indicated that the accumulated revenues would not exceed the accumulated costs until 2001. That is the statement that the Premier of this province called "rubbish."

MR. H. ENNS: Where is the Minister of Energy? Where is the Minister of Finance?

MR. SPEAKER: Order please.

MR. D. ORCHARD: Mr. Speaker, yesterday it was May 28, 1985. The Minister of Energy and Mines announced to an Economic Development Conference in the City of Winnipeg that his government was going to set up a Heritage Fund. That was in 1985. And he is going to divert profits from this sale to that Heritage Fund. He is 16 years in advance of the requirement of that Heritage Fund being set up, because it is year 2001 that the alleged profit finally shows up. Until that time, Sir, there is no profit. There are only costs.

Mr. Speaker, as a veteran of this Legislature, you know who will pick up those costs? It will be the Manitoba ratepayers, Sir. The Manitoba ratepayer will be picking up the \$369 million of accumulated loss in the year 1995. The Manitoba ratepayer - you and I, Sir - will be picking up \$345 million of accumulated loss in the year 1900. We will get a slight break in the year 2000 in which we will only be picking up \$131 million worth of loss. Mr. Speaker, these are sizeable figures, because the total revenues for the Manitoba Hydro for the fiscal year 1984 totalled only \$461 million, and we have a loss approaching \$370 million - not our figures, Sir, Manitoba Hydro's figures.

Mr. Speaker, this power sale is the greatest giveaway of Manitoba's energy future that has ever been imposed on the ratepayers of Manitoba, of the hydro users of Manitoba. Mr. Speaker, I want to explain that more, because I know my honourable friends over there say that this chart, drawn up by Manitoba Hydro, is rubbish. Well, Mr. Speaker, it's not rubbish; it's real. Manitoba ratepayers until the year 2000 will be paying hydro rates far in excess of what is reasonable and acceptable because of the accumulated losses from this sale to Northern States Power.

Mr. Speaker, our argument always has been and still is that the advancement costs of only two years are not the only costs associated with this government's development plan in its unconscionable rush to build Limestone before they have to call an election.

Mr. Speaker, they claim the only costs that have to be associated with the sale to Northern States Power are the advancement costs of two years on Limestone and four years on the two other dams that may be advanced as a result of this sale. They do not accept the argument that we have put forward that, if you advance construction by two years, you advance your entire costs by two years.

That means, Sir, by their own figures that you have \$3 billion of cost spent by the Manitoba Hydro, guaranteed by the Manitoba taxpayers, \$3 billion spent two years in advance, Sir. According to Manitoba Hydro's own interest rate calculation of those years, because Manitoba Hydro says the interest rate will be 11 percent, that is \$330 million worth of interest.

Now, Mr. Speaker, if you start construction two years early, is it not reasonable to assume that you would finish construction two years early? Otherwise, why would you advance construction by two years? If you complete the entire dam two years sooner than you need it, then the entire costs of that dam will become part of the system costs. They won't become part of Northern States Power's costs. No, because they have made a deal that is a good deal for Northern States Power. They will become part of Manitoba Hydro's costs and that will be paid by Manitoba ratepayers. The captive monopoly customers of Manitoba Hydro will pay those two years of advanced costs.

Any other argument, Sir, does not meet the test of logic. If you start a project two years early, you finish it two years early. If you finish it two years early, the entire costs of that project will come into the system two years early. That is where you have \$330 million worth of interest impacting on the Manitoba Hydro rate structure two years before it should, because this government wants to build it to try to win an election, not to serve Manitoba ratepayers in any economic and reasonable fashion - no! - simply, Sir, to prop up their election fortunes.

Manitobans will pay for this election. Win or lose, Manitobans will pay, because this government has it in their minds not to call the election until they have awarded the contract and this construction is fait accompli, and Manitobans will pay the bill. That, Sir, if it happened in any corporation would lead to probably charges of mismanagement of funds and fraud being laid on the senior officers of that corporation if they did that to their shareholders. But this government is going to do it for pure mean-spirited political gain, for the selfish interest of trying to stay and cling to power for one more term. Well, Sir, it will not work.

Now, Mr. Speaker, I just want to take my honourable friends through a couple of other logical calculations. I have given you one already. You say the dam will cost \$3 billion. Manitoba Hydro, on Page 16, says, "A nominal cost of capital . . ." - that means interest rates, Sir - ". . . of 12 percent to 1985 and 11 percent thereafter." That means, in the years we are talking about, the interest rate will be 11 percent. Eleven percent on \$3 billion of construction costs is \$330 million of interest alone paid into the Manitoba Hydro revenue structure by Manitoba ratepayers.

Sir, I want to give my honourable friends one more statistic from the Annual Report of Manitoba Hydro. In the year of 1984, the interest on debt paid by Manitoba Hydro was some \$290 million. In 1990, when the dam comes on stream, we are going to add \$330 million of interest. Why are we doing it, Sir? Because that interest is there in 1992 as well when the sale starts to Northern States Power. There is an interest charge of \$330 million to the Manitoba Hydro system.

I want to give my honourable friends over there a small calculation. Do you know what your sale is worth? Your sale to Northern States Power for 12 years is worth \$3.2 billion. It's based on a level power sale in gigawatt hours per year. Now, you take \$3.2 billion, Sir, and you divide it by 12 years, and you come up with a figure of \$270 million on average. I will quickly say, Sir, that it will probably be \$200 million in 1992 and something like \$325 million in 2005, because of the way the pricing formula is.

Now that means, Sir, that in 1992, when this sale starts with our \$3 billion dam on stream, the interest cost will be \$330 million that the Manitoba Hydro system is going to pay, and the revenues will be somewhere in the neighbourhood of \$200 million. In other words, the ratepayers of Manitoba will be picking up \$130 million of interest costs, and this government persists in talking about the sham of a profit, Sir. There is no profit, Sir, because they have not calculated the entire cost of putting that dam in place. It is there, Sir, Manitoba ratepayers will pay it, it is there.

Mr. Speaker, I want to take my honourable friends, once again, through the calculation that Northern States Power has made with this government, with this Minister of Energy and Mines who negotiated a .25 million contract for the CEO of Manfor, this great negotiator, this Minister of Energy and Mines.

Do you know why I posed the question, Sir, about whether any utility offered to sell to Manitoba power at 80 percent of our production costs from Limestone? I asked that question, Sir, because that's what we are doing to Northern States Power. We are selling our power to them at 80 percent of their costs to build a plant and generate electricity from it, 80 percent. That's a 20 percent saving right off the top for Northern States Power. That's not a bad deal for Northern States Power.

Now, Mr. Speaker, as I have explained on earlier days - and I know that no member over there has listened to this or read this or understands this, but we understand it - the energy pricing agreement is based on two principles, Sir; the first principle is the cost of generating the energy, in other words, the cost of coal, manpower, presumably interest on their plant; and the second one, Sir, the second arm of the pricing agreement is a capacity price, in other words, a price linked to the cost per kilowatt hour of installing a given plant that will produce so many megawatts of electricity, capacity cost and energy cost, variable cost and fixed cost, if you will, Sir.

Mr. Speaker, Manitoba Hydro, in their presentation that the First Minister, the Premier, called rubbish today, has said that the escalation rate - now that means the inflation rate, Sir - will be 5 percent for 1985. They say also that the cost of capital, the interest rate will be 12 percent to 1985. So we're not going to start it till 1985 but, when we start it in 1985, and every dollar we spend this year we automatically lose 7 percent because our money that we borrowed to build is 7 percent higher than the expected cost increase next year. We lose 7 percent by starting it in 1985.

Now in 1986, the escalation costs, the inflation rate is projected to be 6 percent, and 7 percent thereafter. So that, during the entire construction period, inflation costs will be 7 percent per year.

At the same time, Manitoba Hydro says interest will rise by 11 percent. So that means that every year, Sir, that we advance the construction of Limestone we lose 4 percent because the money we borrowed to build is 4 percent higher than the inflationary costs of building a year later.

Well isn't that the wrong way to go? It seems that way, and it obviously is that way, Sir, because - I will find the quote in the National Energy Board hearing. It says on Page 14: "Northern States Power has stated that the intent of the new purchase from Manitoba Hydro is to permit the deferral of a coal-fired addition

which would otherwise be needed in 1993 to meet NSP's projected peak demand plus reserve."

They are deferring this sale, Sir, because they make money by deferring it, because the cost of inflation is not equal to the cost of money. Every year that Northern States Power can defer construction they save 4 percent on the construction costs, and they're doing that for 12 years. That's a cumulative saving of 48 percent to Northern States Power in buying electricity instead of building, 48 percent saving on construction costs by buying power at 80 percent of their cost. They have an incredible deal here, Sir.

Now, Mr. Speaker, I referred to the two methods of which the energy price is calculated. One is the cost of producing electricity from coal; the second one is a capacity pricing. Do you know what is a factor in the formula to determine the capacity pricing? It is an adjustment factor. Sir, I want to read to members opposite what the adjustment factor is.

Bear in mind when I read this to you, Sir, that Northern States Power is deferring construction because it saves them 48 percent, given today's projections of 7 percent inflation on construction costs and 11 percent interest costs for the money to borrow to build. Bear that in mind.

The adjustment factor is: ". . . an adjustment factor which reflects the fact that the contract term is shorter than the expected life of Sherco 3."

Sir, what does that mean? It's explained, and I will quote: "According to a witness the adjustment factor is to compensate Northern States Power for the effect of inflation on the cost of a new thermal plant installed in year 2004, instead of 1993."

Sir, they are saving 48 percent and, if those figures change, there's an adjustment factor that Manitobans will be paying them for the cost of deferring construction again. This is the great negotiator, the Minister of Energy and Mines' deal. We have double compensated them for deferring construction. This is a sweetheart deal of the century. This one will make Labrador Falls look like Joey Smallwood was a millionaire-nosed negotiator, because we have got ourselves into a situation here, Sir, where there is only one winner, that's Northern States Power; and there are a million losers, and that's every single Manitoban. That is the kind of deal that we've got here, Sir.

Mr. Speaker, my honourable friend - and I use the term "friend" lightly - the Government House Leader is chirping from his seat but, Sir, he does not understand what they've signed. He has never read this. He doesn't understand the portents of this. He sat beside his First Minister while his First Minister described it as rubbish today. That's Manitoba Hydro's figures that he described as rubbish today.

Now, Mr. Speaker, what more factors are involved in this deal that are to the advantage of Northern States Power that we're not aware of? One thing is certain, Mr. Speaker, is that Northern States Power has bought, I believe, 5,800 gigawatt hours of electricity. Now, Sir, I admit I don't know what that really means, but it's a lot of electricity they bought in the year 1983; it's a lot of gigawatts. Mr. Speaker, they have traditionally bought 5,800 gigawatts of electricity, okay? This sale is for firm commitment of 3,400 gigawatt hours. What are we doing in the Province of Manitoba to meet a 3,400 gigawatt hour sale? We're building a plant of

1,200 megawatts. There will be surplus power. What do you think Northern States Power, after slickering this Minister of Energy and Mines into building this dam two years early and signing a firm deal at 80 percent of their power costs, what do you think they're going to do when they want to buy the additional gigawatt hours that they have been buying, in other words the difference between the 5,800 they've been buying traditionally, and the 3,400 they're committed to buy at this fixed price?

Do you think, Sir, that they're going to buy the next 2,400 gigawatt hours, in other words, almost 70 percent in additional power to the firm power? Do you think they're going to pay the Manitoba Government the same price as they've negotiated? Of course they're not, Sir, because they know that, if Manitoba doesn't sell it to them at a cheap rate, the water spills over the spillway. They will buy their additional requirements for a song, Mr. Speaker, from 1992 on, because they've slickered this government into committing a dam before it's needed.

Mr. Speaker, you talk about a deal. You talk about skillful negotiation, and this deal is skillfully negotiated, but not by the Minister of Energy and Mines. It's been skillfully negotiated by Northern States Power. That corporation that has made a number of hundreds of millions of dollars of profit have assured themselves by the signature they put on this deal with this inept Minister of Energy and Mines continued profits into the year 2005.

Sir, in addition to that, they have guaranteed themselves that when they build Sherco 3 - not Sherco 3, but their next power plant in North Dakota, I believe it's Sherco 4, but I'm not sure of the name - when they build their next coal-fired plant in year 2004, they will have all sorts of profits from this deal from Manitoba Hydro, from this Minister of Energy of Mines, to pay for it. If the inflationary construction cost in the United States of America, a country that we have no control over their inflation, if they happen to go up, we will even pay for the additional inflation by the adjustment factor that this skillful and inept Minister of Energy and Mines has negotiated into this agreement. Sir, you talk about skillful negotiations - you bet. Northern States Power really skillfully negotiated this Minister right into the ground.

Mr. Speaker, there are those out there who say that this is good because it creates jobs in Manitoba, and there is an illusion out there, Sir, with this new method of accounting jobs that Limestone means 20,000 person years of employment.

Well, Mr. Speaker, there are about 50,000 unemployed people in Manitoba. They take a look at those Jobs Fund ads, and they say 20,000 person years of employment, my goodness. There are only 50,000 of us unemployed. I've got a chance of four in ten that I'm going to get a job.

When they phone the Jobs Fund office Mr. Speaker, they find out two things. First of all, if they're not able to be hired under the Northern Preference clause, there is no job. Secondly, and more importantly, Sir, they find out that in the first year of construction, there are only 140 jobs.

Mr. Speaker, at the top of the employment scheme - and I haven't got it marked in this, but I believe it is part of this application - it goes through the number

of jobs per year that will be created in the construction of Limestone, and I doubt if I can find it to satisfy the minds over there. But, Sir, they are in either this application or they are in documents that have been released by the Minister of Energy and Mines.

I believe the total construction force approaches - what, 3,000? - 1,800 at peak. But meanwhile, Manitobans are listening to ads talking about 20,000 person years of employment. They are fast discovering that this government is slickering them, that this government is phonier than the \$3 bill that the Minister of Finance would like to print to Finance's deficit.

Mr. Speaker, there will be 1,800 construction jobs, not the 20,000 person years which means nothing if you're one of the 50,000 unemployed Manitobans. So what we are doing, Sir, is spending \$3 billion to sell hydro cheaply to the United States of America to create only 1,800 jobs at the peak, but Manitobans have been deceived by the advertising, Sir. They haven't clicked that there is a difference between 20,000 person years of employment, and the number of people working on the job site. A clever ruse, Sir, but this government, this New Democratic Party, are only fooling themselves, because the people of Manitoba will discover two things. First of all, the jobs aren't there and, secondly, Sir, when the bills come in, this Minister of Energy and Mines who negotiated this deal will go down in the history books of Manitoba as the most incompetent negotiator in the history of this province and, quite possibly, in the history of this country - Newfoundland included. Now, Mr. Speaker, we look forward to the Public Utilities hearings to discuss this further.

But, Mr. Speaker, what stimulated me today to rise on a matter of grievance was this further attempt at misleading the people of Manitoba made by the Minister of Energy and Mines yesterday in telling the people of Manitoba that there is so much profit involved that the province will have to set up a Heritage Fund. Sir, that is simply not truthful. Their own application, even though the Minister, the Premier, has described it as rubbish, says it is not so. If they calculate the entire costs that should be allocated to this sale to Northern States Power, there is no profit. There is loss, Sir, and the Manitoba ratepayers are forced to pick up that cost.

Export buyers of power will not pay any more than what the market will bear, but Manitobans have to, Sir, because they have no alternative. When that Minister of Energy and Mines announces a Heritage Fund 16 years in advance of when the first alleged profit flows from this sale, I have to tell you, Sir, that I get so disgruntled with the dishonesty and the dishonest presentation of facts that I rise on a matter of grievance.

Sir, that's the year 2001. There is a famous movie, "2001, A Space Odyssey." This deal struck by the Minister of Energy and Mines will go down as, 2001, a space fantasy and a public sham. And that, Sir, is the truth of what this government has done to the ratepayers of Manitoba Hydro in the Province of Manitoba. They have mortgaged our energy future. They have given it away to a Northern States Power, an American multinational utility.

They have done it, Sir, not for the betterment of the people of Manitoba, not for the benefit and the betterment of the working people who look for jobs on that construction site. No, Sir, they had no such noble aims in mind. They are making this sale and

advancing this construction on the Nelson River on Limestone dam for one purpose and one purpose only, and that, Sir, is to try and save their political hides in the next provincial election.

Sir, if there is ever a reason, beside the total incompetence of this government and the ineptitude in the ways in which it handles its affairs, the final straw to break the back of this New Democratic Party Government will be this sweetheart sale to Northern States Power that every single Manitoban who consumes hydro will pay for, for my lifetime and my children's lifetime, Sir. That is what is so dishonest about the Minister of Energy and Mines, his First Minister and any of the people over there who actually believe they understand what has been given away by this Energy Minister and the Premier.

Thank you, Mr. Speaker.

MR. SPEAKER: Are you ready for the question?

The Honourable Minister of Co-operative Development.

HON. J. COWAN: Thank you, Mr. Speaker. The debate obviously rages on, and no one in this Chamber can probably exhibit more rage about this particular subject than the Member for Pembina. But I would suggest to you, Mr. Speaker, that the rage is bereft of any rationale; it's bereft of any logic. It flies in the face of the statements that have been made in this House and outside of this House about this particular sale but, more importantly, it flies in the face of what is good for Manitoba in the years to come.

There is nothing new in what we heard said today by the Member for Pembina. It has been said by his leader before, by the members on that side. It has been said by former members of their caucus, Mr. Craik, in his presentation to NEB, and it's been said by all those who wish to detract and take away from the future of Manitoba, but it is false. It is false. It is without logic, and it does not stand up to any rational review of the arguments.

MR. A. DRIEDGER: Prove it.

HON. J. COWAN: The Member for Emerson says prove it. Well, perhaps we should take a walk through the National Energy Board decision in a few moments, and say exactly what it is that was said at that time in response to the same arguments that we heard today. They have been thoroughly discredited by anyone who has taken the time to do an analysis of them that is done in a logical and a non-biased way. But that's not the problem.

What is at issue here, the fundamental issue is Hydro construction in the Province of Manitoba, and the Conservatives again today indicated they are opposed to us. They are opposed to Limestone. They are opposed to the type of programs that we put in place to ensure that there is maximization of benefits to not only Northerners and northern Natives but to small business people throughout this province, to people throughout this province who want work.

The Member for Pembina talked about 1,800 jobs as if it was valueless, worth nothing. Well, I'll tell him, those 1,800 direct jobs, and there are more indirect

jobs, are very valuable to the people of this province who want nothing more than to be able to work for the good and the betterment of their province and earn a decent wage by doing it. That's what Hydro construction in the North means to this province, but they're opposed to that. They are opposed to the construction; they're opposed to the scheduling. They're opposed to the use of those profits for the future of Manitoba. They're opposed to the children's future, because that is what we're talking about.

What would they have us do now? Say that we're going to turn our back to those profits, that we're not going to spend those profits for the betterment of this province as a whole, because that's what they're saying to us today. In their opposition to the Heritage Fund, they are saying quite clearly, don't, don't think ahead; don't, don't plan ahead; don't try to build a better future for people, whether it be in five years from now, five months from now or 50 years from now.

Well, governments have a responsibility to look beyond today, to look beyond tomorrow, to look into the future and to plan for the future. What we have put before the people of Manitoba is a plan for the future that builds upon the strengths of this province, Hydro development.

So there is nothing new in what we heard today. We've heard it all before. Mr. Speaker, I believe that we'll hear it all again. As a matter of fact, when it comes time, I believe we'll have an opportunity to discuss this before the public of this province. I can tell you, Mr. Speaker, that I am prepared for that discussion because I believe that the plan that we have put forward as a New Democratic Government for Hydro construction, a decade of construction and perhaps even longer, is exactly the type of plan that shows confidence and faith in the people of this province and, beyond that, confidence and faith in the future of this province.

Let there be no doubt about it. The Conservatives have proved it once again that they have not that faith. They lack the faith in the future. They are a backward-looking opposition; they were backward looking in government, and that's why they're opposition today. There is nothing in anything I've seen in their discussions or arguments over the past couple days that would lead me to believe that they have any capacity to look forward.

So they lack faith, but what else do they lack? They lack confidence. That's what is really frightening, because everyone expects them to lack faith; it's a known fact that's the case. History proves it. But they lack confidence, the most basic level of confidence in the ability of the people of this province to build upon a natural resource so that it not only provides benefits today, but it provides benefits far into the future.

I'm concerned, because we know that there are other negotiations ongoing, that the type of public utterances that they have been making that show a lack of confidence, that show a lack of ability to think ahead might undermine those negotiations. Now, I happen to think that we're good enough negotiators to say those are the concerns. You don't have to worry about them being able to put policies into effect for many many years to come. However, I am concerned that there be any misconception about how the people of this province feel in respect to Hydro rising from their comments, because they don't reflect the view of the

population. They don't reflect the view of the general public. They don't reflect the view of those who want to see this province prosper, because they don't want to see it prosper, and they don't want to see it prosper for purely political reasons. Therefore, they don't want to see Limestone development for purely political reasons, and there is no doubt about that.

So let us not allow their pessimism to rule the day. Let's talk, and I said before we would take a walk through perhaps the NEB decision, because what is being said today by the Leader of the Opposition, who has never indicated any support for this project and the way in which it is being proceeded with, and the Member for Pembina and the others on his side, let us take a look at what they had to say when they intervened and what the National Energy Board had to say when they responded to those interventions.

This is not the New Democratic Party Government speaking in this decision. This is not Manitoba Hydro speaking in this decision. This is not a biased source speaking in this decision, but this is the National Energy Board reasons for decision. I underscore the word, "reasons," because it is a rational decision, based on reason.

Let's go first to the bottom line, if we can, if in fact it is. Let's go to the bottom line where the National Energy Board says, and it's signed by the members of the Energy Board: "However, the Board's basic concern is that it be able to satisfy itself that the export price will recover its appropriate share of costs incurred in Canada and that the export revenue will provide benefits to Canada." The board has been satisfied on both these matters in this case.

Now, they said it couldn't be done. When they appeared before the board, they said it wouldn't be done. But in fact, the board, after having heard all the evidence and taking a fairly extensive amount of time to review the evidence, has come forward and said that they were wrong, that the negative, pessimistic, politically-motivated interventions were wrong. The proposal, as it was presented, does incur benefits for both Manitoba and for Canada.

MR. A. DRIEDGER: No defence. Jay, you've got no defence.

HON. J. COWAN: Well, the Member for Emerson says we have no defence. That's implying that there was an offensive carried out on members from that side opposite, which I don't think was the case. It was a ranting and a raving and a rehashing.

But the fact is that the National Energy Board, based on the evidence presented to them and they've taken the time to read from that, says there is going to be a profit, and that profit is going to be \$1.7 billion over the length, \$400 million in 1984 dollars. — (Interjection) — It says that; they can't argue that.

If they can stand up right now and say that the National Energy Board does not say that, let them do that. Let the record note that there was a pause allowing them opportunity to stand from their seat and put on the record that the National Energy Board does not say very clearly in its presentation and in its reasons for decisions that there will be that sort of a profit.

Not only that, but it says, and I quote from the report, "A comparison of the results of the Sale Sequence in

the 500-megawatt-Only Sequence shows that the additional interruptible sales that would be possible with an additional year of advancement of Limestone would give it an extra \$20 million to Manitoba Hydro." That's what they say.

In fact, what else do they say? The members opposite implied that we were selling off our resource at a rate to the Northern States Power Corporation that was somehow not appropriate, not reasonable, not applicable and not comparable. What does the National Energy Board say? "However, the Board is aware that the export price would be substantially greater than the rates paid by the applicants' large industrial customers." We are getting more for the export price of this energy, of this natural resource, than we do when we sell it to large customers in the province.

So, what are they saying to us when they say that? Are they saying that we're selling it to the large customers in this province at too little a cost? Because I don't hear him saying that. But if they're not saying that, then the only logical conclusion they can reach - and I know that they have extreme difficulty in reaching any sort of logical conclusions, but perhaps we can help them on this - is that it is not out of line, that it is not inappropriate, but in fact it is a very good deal for Manitoba and a very good deal for Canada as a whole.

They say this is a wrong-headed decision; that this whole contract is a wrong-headed decision; that it's bad for Manitoba; that it's based on false premises, false logic. That's what the Conservatives say. They said that to the National Energy Board. The National Energy Board accepted their statement and reviewed it and, in reviewing it, what did they say? They said: "The Board's assessment of the export proposal has not, however, turned up anything to suggest that the utilities' generation expansion decisions are wrong." They have not turned up anything to suggest that. So if members opposite have something that is of a factual nature that would imply that this is wrong, let them please take the opportunity to put it on the record. And, again, I would suggest that they will be unable to do that.

What else does the National Energy Board say on this?

A MEMBER: What about the Heritage Fund?

HON. J. COWAN: Well, we'll talk about the Heritage Fund in a minute because if, in fact, we are going to make that profit and we are, then we have to, as a government, determine what is the best use of that profit for Manitobans. We have a responsibility not to dwell only on the day, not to look only as to what is happening now, but we have a responsibility as a government and as a forward-thinking progressive government, which we are, to think about how that money will be spent on and on and on.

The idea of a Heritage Fund is not an idea that is without favour in other jurisdictions. Every jurisdiction that has an energy resource, such as this, which has the type of financial implications that this has of such significance, has been forced to deal with the issue of how do they deal with that good fortune, because that is what we have - good negotiations, a good deal and, out of that, good fortune for future generations.

We could say that's a problem for someone else to think about, but that would not be responsible. We could say that we're not going to deal with that issue and we're not going to give any indication to the people of this public who deserve an indication of how we propose to deal with that good fortune, and that would be irresponsible. But instead I think we have chosen what is a responsible, a well-considered, a well-thought-out course of action. That is a fund, a fund that will provide the type of economic wherewithal that will allow Manitobans, whether it be now or 10 or 20 or 30 or 50 years from now because there'll be more additions to that fund as time goes on, to use that money in the best interests of the province as a whole.

So, the headline's very true today when it says that, "The NDP targets hydro profits for trust funds," the profits that NEB have told us are going to exist. Why do we have that trust fund? Why are we taking the 50 percent of the profits that will flow and using them to increase economic opportunity and to provide possible revenues for social programming? We're doing that because we believe that a resource such as this should not be squandered, and if anyone was going to squander it for 20 years it was the Conservative members opposite in their Western Grid deal. I would like to hear any one of them stand up and defend that today, because that was a sham. There was no profit. The only potential in that particular deal was potential for greater loss over time, greater and greater and greater loss. They didn't even think about trying to make a deal that provided profit for economic opportunity in future generations and for revenues that go into social programming.

We all know that we're faced with difficult economic circumstances. Every one of us knows that. It doesn't matter what government it is, of what political stripe, in what jurisdiction today. In our industrial economy, we are faced with some very difficult economic decisions, because the economic times that confront us are difficult times.

What did they do when they were confronted with exactly the same sort of circumstances? They made a short-term, ill-thought-out, poorly designed negotiation and deal that provided no opportunity for profit and only potential for disaster. That was their response to the future of this province. That's what they would have future generations suffer through.

So when they talk about a Labrador deal, they're talking about a deal that they had on the books, a deal that they were proposing to put to the people of this province. If they disagree with that, if they can prove otherwise, let them stand today and make the case. I would suggest to you that they can't, and that their silence will betray the shameful sham that they tried to perpetuate on the people of Manitoba.

So what do we have before us today? We have a reinforcement of that approach on the part of the Conservatives. They'd do nothing different today if they had the opportunity. Thank goodness that they will not have that opportunity for decades to come, because that's how long it's going to take us to finish the construction that we have under plans now.

The fact is that, if they do have an opportunity in years and years to come, their test will be made easier because of the foresight that this government had in preparing for the future through a Heritage Fund, a

fund that provides opportunity and chance. So let them not talk about Labrador deals when they carry the Western Grid like an albatross around their necks; let them not imply that they can negotiate . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. DEPUTY SPEAKER, P. EYLER: Order please, order please. Order please.

HON. J. COWAN: It's interesting that for people who spend so much time looking in the past . . .

MR. DEPUTY SPEAKER: Order please, order please. Order please.

I'm having some trouble hearing the honourable member speak. I would hope that all members would accord him a fair and quiet hearing. I would also ask that the Member for Churchill stay relatively close to his microphone for the benefit of Hansard.

Order please, order please.

The Minister of Co-operative Affairs.

HON. J. COWAN: What we're talking about today then is a good deal for Manitoba today, and a better deal for Manitoba tomorrow.

Let's talk about today a bit, because what we've talked about is their distortion of the facts which they presented previously and that have been thoroughly discredited by a body that has taken the time to review them in detail, the National Energy Board. One probably shouldn't spend so much time discussing that which has already been so thoroughly discredited, but I think it's important that the record be clear.

Let's talk about today - jobs. Jobs, jobs, jobs - we've heard that before, but where we've seen it is in Manitoba. That's where we see jobs, jobs, jobs, and that's where we're going to see jobs, jobs, jobs for years to come, because of the foresight of this government and the ability of this government to negotiate a proposal such as we have with the Northern States Power Company which provides, not only the jobs for workers today, but the economic wherewithal for jobs for workers in generations to come.

What about those jobs? Jobs for Northerners, and that's important to me as a Northern MLA and to my colleagues as a Northern MLA; that's important to this party and to this government, because we believe that Northerners have far too long suffered through the negative impacts of this sort of economic activity without being able to maximize the opportunities and the positive impacts, and that will not happen again under this government. That is a commitment to the North; that is a commitment to this province, because what happens in Northern Manitoba is extremely important to this province as a whole.

So those jobs which go first to Northerners — (Interjection) — and that's right, also provides opportunities for southern Manitobans. It provides opportunity for small businesspeople; it provides opportunity for entrepreneurs and co-operatives, provides spinoffs that will ripple their way through the Manitoba economy to bring back the optimism, the opportunity and the entrepreneurial spirit which is so necessary to make a project like this succeed.

The Member for Emerson who has been quite vocal from his seat - and I hope he takes the opportunity to speak from his feet on this issue, because I'd like to hear what he has to say. I know his leader is opposed to Hydro development; I know the Member for Pembina is opposed to Hydro development. I've heard members on that side state their opposition to the Hydro development. I know they're opposed to the type of forward-thinking proposals that provide future opportunities, but I'd like to hear some facts and some figures, for once, from members opposite.

Those jobs mean so very much to the economy as a whole, and that is why this government has provided for the type of preferential hiring procedures that will ensure that Northerners and northern Natives have full opportunity for those jobs, and will also ensure that Manitobans, as a whole, will have full opportunities for those jobs. That is why this government has encouraged the design and creation of tendering procedures that will provide opportunity for Manitoba's entrepreneurial community, whether it's small business, medium-sized business, co-operators or whatever, to be able to bid in a competitive way so that they can get the business and the economic benefits out of this construction activity.

That is why we have a Heritage Fund, because we know the construction will end. That's a fact. The construction is going to end on Limestone after a certain period of time; the construction is going to end in Conawapa after a certain period of time. What we can do as a government is to ensure that, while that construction is ongoing, a number of things happen. One is that Manitobans develop skills they require that will enable them to compete in the labour market, not only in this province, but elsewhere, if they so desire. So we have set in motion training programs that provide those opportunities for Northerners, for northern Natives, for southerners, for the business community, for the professional community, so that we can use the job creation activity that flows from Hydro construction in a productive and a far-reaching way.

We also know that, after the construction is done, there will be a Hydro generating station that needs to be staffed. That is why we're starting to work now to train Northerners and, particularly, northern Natives on how to operate those generating stations once the construction has been completed. I tell you that's necessary because, if you looked at those who are working in those sites today, you will know that there are very few, far too few, Northerners and northern Natives working those jobs.

That is why this government has brought in the professional engineering course for northern Natives, so they can have an opportunity to develop some of the highly developed skills in the engineering profession that they can use, not only in Hydro construction as long as it takes place, but that they can use after Hydro construction. That is why we have stated very clearly that it will be Northerners, and it will be Manitobans who get the jobs on Limestone. That's a commitment which we are going to stick by; that's a commitment which is going to have long-term benefits for this province.

But we know those jobs end, so what do we look at? We look at taking the profits that are going to flow from this sale, that have been substantiated by anyone

who has, in an unbiased way, taken the time to review the facts, and we're saying that some of those profits should be put aside so that children of today's workers will have opportunities that are not available to them if we don't have the funds such as that.

For that reason alone, this fund makes eminent sense. For that reason alone, what we are doing today is going to have positive impact on this province for generations to come. Anyone who speaks against the future . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER, Hon. J. Walding: Order please, order please. Order please.

HON. J. COWAN: So what are they doing when they are saying they are opposed to Hydro construction today, and opposed to the Heritage Fund in general? They are saying they are opposed to jobs today, and they're opposed to jobs for our children. We won't let them get away with that, and the public won't let them get away with that.

So when the election is called, which it will be, let them stand up and say, as they've said today, that they are opposed to Hydro. Let them stand up and say, as they have said today, that they are opposed to a Heritage Fund. Let them stand up and say, as they have said today, that they are opposed to that type of future for all of Manitoba. I'll fight them on that issue, and every member on this side will fight them on that issue, and there will be far more New Democratic Party members on this side after that election is over on that issue.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. Order please.

MR. F. JOHNSTON: You are trying to get them off the hook.

HON. J. COWAN: Do they lack faith?

MR. F. JOHNSTON: I tell you, my grandchildren will be paying for it.

MR. SPEAKER: Order please.

HON. J. COWAN: Do they lack confidence?

MR. F. JOHNSTON: So will yours, Al.

HON. J. COWAN: They lack perspective.

Let's just very quickly go through some of the things that the National Energy Board said so that the record is clear. I will quote directly from the National Energy Board in my quotations so as that there not be any misinterpretation or any possibility of suggestion of that which is not contained directly in the report itself. I wish they would take the time to do that as well, because if you note how they quote around the specific phrases and how they take things out of context and put them into their own context for their own political purposes,

one has to wonder about the credibility of any of their arguments.

But what did the National Energy Board say? It said that it saw nothing wrong with the load forecast methods used by Manitoba Hydro or the conclusions that were drawn from them. That's what the National Energy Board said.

Well, what did their leader say? Their leader said, when he appeared before the Public Utilities Committee, "The fact that the load growth projections appear to be, in my view at least, and in the view of others who have looked at them, for the domestic requirements of Manitoba Hydro appear to be greater than what is being projected by other utilities in Northern America. I am wondering, Mr. Speaker, if utility people can indicate why they are projecting about a 3 percent for energy load growth when an article in Maine . . ."—and he goes on to quote on that article that he felt those projections were wrong.

What did the NEB say? We heard what the Conservatives said. We know they are biased; we know their opposition to the project. What did they say? They said that the projections were wrong. What did the NEB say? They said they saw nothing wrong with them.

Well, they talk about the Heritage Fund, but the Member for Pembina spent quite a bit of time talking about these sorts of facts and figures and trying to imply that the facts and figures that we are using in our calculations and to make our decisions are inaccurate. They talk about the cost. They talk about the fact that transmission costs to make the sale hadn't been factored in. It doesn't matter that no additional transmission facilities were required to make the sale. They are not required to provide the power. For that reason, no such costs were assessed.

What does the NEB say, though? The NEB says, "In the Board's view, since the only change in Manitoba Hydro's generation expansion plans required to make the export is the advancement of the construction of these three stations, the costs associated with their advancement are the appropriate costs to be assessed against the export."

That's not what the Member for Pembina was suggesting today. So there is nothing wrong with him having his opinion, and there is nothing wrong with him making those suggestions. But, please, don't let him make others believe, or attempt to make others believe that those views are shared by those who have taken the time to review the facts and the figures in a responsive and a responsible way.

The NEB said, "Likewise, the evidence shows that the Limestone, Wuskwatim and Conawapa Stations will be required to serve future provincial loads. Since the only change in Manitoba Hydro's generation expansion plans required to make the export is the advancement of the construction of these three stations, in the Board's view, the appropriate costs to be associated against the export are those associated with the advancement."

Again, they agreed with the same premises, the same facts and the same figures that this government was using in its analysis of the situation, that Manitoba Hydro was using in its analysis of the situation.

What did the Conservatives say about risk sensitivity analysis? They stated that Manitoba Hydro's application to the National Energy Board did not fully analyze all the risks of the sale. That's what their leader said; that's

what they have said from time to time, and that's what they continue to say.

What did the National Energy Board say? The National Energy Board said, "Based on these considerations, the Board is satisfied that there is sufficient evidence to show that the risks associated with the proposed export have been adequately examined and are within acceptable bounds."

So who's right, who's wrong? I don't know, but I know who I trust. I know who I think has done the better analysis. I know who I think has approached this from a more unbiased perspective. — (Interjection) — The National Energy Board, for the Member for Morris who asked who, and not the Conservatives.

What does the National Energy Board say? It says, "The Board's assessment of the export proposal has not, however, turned up anything to suggest that the utility's generation expansion decisions are wrong."

What have members opposite said? They have decried in every instance; they have attempted to discredit in every instance this sale which has been thoroughly reviewed and analyzed and which has borne that test of the National Energy Board, of others who have taken the time to review it. It has been found to be in the best interests of Manitoba and the best interests of Canada.

We have already talked about the profit which it is expected to yield. I am not certain what the position of the Conservatives is in respect to the profit. First they said there would be no profit. Today they have said that if there is a profit it shouldn't be used in the Heritage Fund. But they also said there wasn't going to be one. They have been pretty consistent in their inconsistencies on this one, Mr. Speaker.

They said it wasn't a good price. What did the NEB say? The NEB said, "The board is satisfied that in the circumstances of this case, the export price is the best price that could be negotiated by the applicant in its particular United States market."

They said that NEB is getting a deal that's out of line with what happens elsewhere. What did the NEB say? The NEB said that the evidence showed that the proposed export price would far exceed Manitoba Hydro's domestic rates for large industrial customers of approximately 20 mills per kilowatt hour in 1984 and 30 mills per kilowatt hour estimated for 1993.

Mr. Speaker, it goes on and on and on what they say and what the National Energy Board says. And in every instance they have been wrong, the National Energy Board has said they were wrong and, more importantly, the people of Manitoba have been right.

That's what we're talking about. When we boil this whole debate down to its essence, when we take all of it and address one question, the question becomes what is in the best interests of Manitoba today and tomorrow and tomorrow and tomorrow?

I will tell you, Mr. Speaker, that the National Energy Board has said this is in the best interests of this province and the country as a whole; that those people who have taken the time to look at the proposal from an unbiased perspective have said it's in the best interests of this province and the country as a whole; this government has said that it is in the best interests of the people whom we have been elected to serve, and serve them we will by the development of this sale and the Heritage Fund that will provide opportunities,

potential and benefit to generations of Manitobans for on and on and on. So let not their obviously political attacks on Manitoba's great natural resource dissuade anyone that this deal is not in the best interests of Manitobans.

For that reason, Mr. Speaker, it is my pleasure to be able to stand here, and it will be my pleasure to be able to stand before the people of the province and tell them exactly why it is Manitoba wants and needs this deal, and why it is the Conservatives are opposed to it and opposed to future generations.

MR. SPEAKER: Are you ready for the question?
The Honourable Member for Lakeside.

MR. H. ENNS: Thank you, Mr. Speaker.

A MEMBER: Now we'll hear from somebody that believes in Manitoba.

MR. SPEAKER: Order please.

MR. H. ENNS: Perhaps, Mr. Speaker, in using my opportunity to grieve in this Chamber, it's appropriate to define that time-honoured tradition that we have in this Chamber once during the lifetime of a Session. That, Sir, is to express concern, in this case outrage, at some blatant misdoing on the part of the government. That's what we're doing today, Mr. Speaker. What the government has done is simply inexcusable. What they are doing, and what they have done in the past, to a great public institution, Manitoba Hydro, is really quite unforgivable, Mr. Speaker.

Mr. Speaker, I always enjoy listening to the Honourable Member for Churchill, the Chairman of the Treasury Board. He was given a difficult assignment this afternoon, because what has become very obvious, before we even get into the question, is that the Minister of Energy, perhaps having been out of the province for a little while, finding himself in front of an audience, had to say something and, Mr. Speaker, doing something which I am sometimes accused of, shooting from the hip.

I don't think his Premier, his Minister of Finance, or anybody else in that caucus knew that the Minister of Energy was about to announce the formation of a Heritage Fund, Mr. Speaker. More importantly, I don't believe anybody knew, or else they would have provided the answer, that monies would start to flow into the fund, as the Minister states, between 1993 and the year 2000.

Mr. Speaker, what brought about the debate? The debate was not a question of development of Hydro, or not development of Hydro; the debate was not a questioning of the energy deal with Northern States Power. The question was asked - it was a straightforward question, Mr. Speaker, and you have often admonished us to ask straightforward questions, and perhaps then we ought to get straightforward answers - was, when would the money start to flow into the Heritage Fund, as announced by the Minister of Energy outside of this House. That was the question.

Mr. Speaker, when we attempted to support that with facts, facts that had been flailed in our face as being the gospel with respect to that particular sale, the

National Energy Board's Report, which says on Page 16 that there is no profit in the year 1993, 1995, in the year 2000 there is still no profit, Mr. Speaker. We were asking which set of figures to believe. Mr. Speaker, the Premier of this province calls that garbage.

Mr. Speaker, the Member for Pembina gave an excellent, detailed account, questioning where the profits will arise. He also gave us an excellent reason why Northern States Power stocks went up shortly after signing the deal because, as he indicated, what power utility in this country, in this world can have a deal proposed to them that will provide them power below their costs of production, Mr. Speaker?

Mr. Speaker, our Manitoba Hydro act calls for one thing . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please. Order please.

The Honourable Member for Lakeside is giving his opinion to the House. If other members have other opinions they may speak in due course.

The Honourable Member for Lakeside.

MR. H. ENNS: Mr. Speaker, our Manitoba Hydro act mandates that utility to do one thing; that is to produce power at cost, to provide service at cost.

Mr. Speaker, what is being added to that cost is the selfish political needs of the New Democratic Party in their desire to hold onto office. Mr. Speaker, I am prepared to express my amazement, because there is no sense of responsibility left in that group who have flooded this House with Letters of Intent, Memorandums of Understanding with the Alcoa Company of America, potash reports from China on some of the visiting junkets of their Minister. Now we understand maybe somebody else, the West Germans, are interested in potash, Mr. Speaker, and now suggesting that 16 years is the earliest possible date that the first red cent, the first dollar, can possibly flow into the Heritage Fund.

We have the Minister of Energy talking about Heritage Funds from a corporation, Mr. Speaker, that spends fully 50 cents, 49 cents, according to their annual report, of every dollar that Manitobans pay in their Hydro rate bills just to cover past debts, interest-carrying costs on past debts.

Well, Mr. Speaker, how much of this nonsense are the people of Manitoba going to stand for? Mr. Speaker, I suggest to you, very little, because the track record of the New Democratic Party and how they have abused the great utility of Manitoba Hydro speaks for itself. They are the party, they are the group that are responsible for totally politicizing Manitoba Hydro.

Mr. Speaker, that didn't begin today, it began some time ago. It began in 1969 when they brought in a political appointee by the name of Mr. Cass-Beggs, and then started making political decisions with respect to Manitoba Hydro. They then replaced him and then another chairman of Manitoba Hydro, Mr. Speaker, Mr. Leonard Bateman, was forced by this government to lie to a standing committee of this House and acknowledge it, and resign as a result of it, because of the politicizing and the pressure put on by New Democratic Party administrations. That is what they have done to Manitoba Hydro, Mr. Speaker.

They are now using that once-revered utility to lend its name to a headline like this for the crassest of political reasons. When we ask the basic and the simple questions, the straightforward questions that any opposition should be asking - there was no editorial comment in those questions asked. The questions asked by my leader were simply: when will the monies start to flow to this Heritage Fund that was announced? Surely, Mr. Speaker, nobody could misunderstand that. Mr. Speaker, we got no answer. Those who might have answered weren't even in the House, and then they set up the Member for Churchill, who is reasonably gifted, Mr. Speaker, to wander around his microphone and give us a speech about something he knows very little of.

Mr. Speaker, the Member for Churchill said - and it's obvious that the New Democrats will try to colour the position with respect to Hydro development in any future election as to what we are opposed to. You note, Mr. Speaker, there is no attempt made to answer the questions.

The Honourable Minister of Energy knew exactly what he spoke of when he used the term, Heritage Fund. The term, Heritage Fund, has a very positive ring to it because another province, another jurisdiction, fortunately being governed by a good Conservative administration, years ago put real dollars, billions of dollars, into a Heritage Fund which stood the province in good stead during the current economic downturn; they put real dollars into a Heritage Fund. This Minister and this government tries to piggyback themselves onto that craze and announces a Heritage Fund that, at the earliest, can't get a dollar until 16 years from now; even then, it's questionable, Mr. Speaker. This government then tries to turn that around and say the Conservatives are opposed to Heritage Funds; we're opposed to Hydro development; we're opposed to sales of energy to other jurisdictions. What utter nonsense, Mr. Speaker!

I will tell you, Mr. Speaker, what we are opposed to. We are opposed to unacceptable hydro rate increases that New Democratic Party administrations have imposed on Manitobans. Mr. Speaker, I want to tell you, one of the immediate responses that we have received to our franking pieces throughout the decades of the '60s and throughout the decades of the '50s when other jurisdictions, including that of a man who we just honoured recently at his 90th birthday, the former Premier of this province, D.L. Campbell, hydro rates were stable in this province.

By the way, Mr. Speaker, that former Premier of this province who can, in many ways, be called the father of Manitoba Hydro - as of 1953, under Plan C, he brought together the corporation now known as Manitoba Hydro - that man was dismissed by the New Democrats for his schoolboy arithmetic, who had no further service to offer to the public of Manitoba when he was prepared and had the mind and had the ability and the wisdom to sit as a director of Manitoba Hydro. No, he had no place in the political machinations of the New Democrats.

A MEMBER: And they stood out here and praised him.

MR. H. ENNS: That's right. But they have the shameless gall to acknowledge him at his 90th birthday, Mr.

Speaker, because after all there may be some truth to this Liberal-New Democratic Party merger that may, hopefully, save somebody - (Interjection) - We fought him; we fought him and we beat him. Right, we did. We never denigrated him, and we didn't dismiss him off our boards, Mr. Speaker. We put him on the board - (Interjection) - of course we did.

Mr. Speaker, the Member for Churchill challenged us as to what the Conservatives are going to be opposed to. We will be opposed to the kind of hydro rate increases that the last NDP administration imposed on Manitobans, 150 percent to 160 percent in four short years, Mr. Speaker. That is the track record. Manitobans will remember that, even given their four short years the province was administered by a Conservative administration, hydro rates again were stabilized, and the Manitoba freeze on hydro rates was in effect, Mr. Speaker.

If we have money to put into a Heritage Fund, why don't we stop the increase of hydro next year? Why don't we stop the doubling of hydro in the next few years, Mr. Speaker? Let's not fool the people of Manitoba; let's create some real opportunities for job creation in Manitoba, and let's not hoodwink people with talking about Heritage Funds 16 to 20 years from now, in the year 2005. Freeze the rates today, Mr. Speaker, and give our industries a chance.

Well, Mr. Speaker, unfortunately it will be the past track record of the New Democrats that is going to hold this government accountable. Mr. Speaker, I can understand the frustration of the Minister of Energy, indeed of the Premier, indeed of the entire New Democratic Party administration, because they keep making these announcements that tomorrow we're going to make a deal with the biggest aluminum company in the world, Alcoa. They wouldn't deal with a Canadian company, Alcan. They stopped Alcan from advertising in the province; they wouldn't sit down and talk seriously with them.

Tomorrow we're going to have a potash development with the Government of China or the Government of West Germany and, today, the ultimate in braggadocio you know, we're going to have a Heritage Fund. When? Nobody knows. Where the money's going to come from, nobody knows, and how the money is going to get there, Mr. Speaker . . .

HON. A. ANSTETT: The National Energy Board tells you where it's going to come from.

MR. H. ENNS: The National Energy Board, indeed! The National Energy Board tells us a great deal. The National Energy Board tells us that in the year 2000 we will lose \$131 million on the sale of power to Northern States Power. That's what the National Energy Board tells us, and you guys tell us that.

Now, where is the money going to come from? When are you going to start being honest with the people of Manitoba? Are you going to do what other socialist governments like to do, take hold of a good thing that's working, tinker with it till it doesn't work and siphon funds off of that for your nefarious purposes? Are we going to be faced with 10 percent hydro rates so you can put money into your so-called Heritage Fund? Are we going to face another 10 percent next year so you

can put money into your so-called Heritage Fund, and then use it for job advertising, use it for apple polishers, hire some more communicators? That is utter nonsense, Mr. Speaker.

I grieve today, Mr. Speaker, and the central question today that is being asked by my leader was being asked by the Member for Pembina and I'm asking it, and it is not being answered. The government has announced the establishment of a Heritage Fund, and they have created big headline news today, a Heritage Fund. Hydro profits will start up in Manitoba.

Mr. Speaker, surely the people's representatives, as represented by Her Majesty's Opposition, have a right to ask: where are those funds, where are those monies coming from? When will those monies start to be put into that so-called Heritage Fund? That's all that we're asking for, Mr. Speaker, and we have a row of empty Treasury Benches before us. We have a Premier in this province who can't answer the question; we have the Minister who made this statement not in the House answering the question; and we have the Minister of Finance not prepared to answer the question, Mr. Speaker.

I suggest to you, Mr. Speaker, that there have been very few . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. SPEAKER: Order please, order please!

MR. H. ENNS: Mr. Speaker, I suggest to you that in the some 18 years that I have been in this Chamber I have seldom seen a demonstration of a government and of a Cabinet Minister who has been prepared to - I'm trying to remain parliamentary, Mr. Speaker. I know that I can't use words like "lie." I know that I can't use words that impute motives, Mr. Speaker, and I have not done so and I will not do so, and my leader did not do so. The Member for Pembina did not do so.

The Member for Pembina and my leader asked a very basic question that many Manitobans are asking themselves as they adjust to the recent hydro rate increase that went into effect April 1st following the hydro rate that went into effect last year, and the year before, remembering that four years previously, when the Conservatives were in office, hydro rates were not increased.

They are asking themselves, if Manitoba Hydro is going to get these profits to invest into a Heritage Fund, why don't they do the simple thing, the understandable thing, the thing that makes common sense first: don't increase our rates next year. Can we have a commitment from the government that they will not increase our rates next year? No, we haven't got that, Mr. Speaker, because the same Manitoba Hydro has told us in committee that our rates are going to double by the year 1992.

So, Mr. Speaker, surely we have cause to grieve; surely, we have cause to demonstrate our opposition to this government. Mr. Speaker, I am so satisfied that when this group of incompetents screws up their courage and finally calls the election that the management of this province will be in better and more responsible hands.

MR. SPEAKER: Are you ready for the question?

The Honourable Government House Leader.

HON. A. ANSTETT: Thank you, Mr. Speaker. I obviously wasn't planning on speaking in the debate today. In fact, Mr. Speaker, I never thought I would have an opportunity to use my grievance since members opposite don't seem to take issue with the way the province and the municipalities of this province are getting along.

So, Mr. Speaker, I find it amazing in fact that they haven't found an opportunity to take a grievance against a member on this side who they called last fall their Enemy No. 1. I expected to really get it hot and heavy this Session and, Mr. Speaker, I am disappointed that I have to use my grievance on what our First Minister characterized as an attack of rubbish which we heard during question period today, and which was confirmed as rubbish in the remarks of the Member for Pembina and the Member for Lakeside this afternoon. I am disappointed, at the same time I am somewhat entertained.

Mr. Speaker, what I found amazing about those comments - and the Member for Sturgeon Creek from his seat confirmed the basis for my amazement - was the complete lack of understanding from which those members opposite who spoke in this debate, and I trust that that understanding does not pervade the whole caucus, or this province has a weaker opposition than even I have come to believe, but a basic fundamental misunderstanding about why in the world of the marketplace trade takes place, these are the businessmen, the friends of business, the great economists, the people who understand the marketplace. But they fail to appreciate one fundamental precept: they don't understand that trade only takes place when there is a price advantage to both parties. No trade takes place if there is no price advantage; no trade takes place if people do not believe that the price they are paying for a product is a fair price, a price below the price at which they can get that product or service anywhere else and, Sir, no trade takes place if that product can be produced at home in the home market or by the individual himself or herself at a lower price than the market price.

Now, I believe the Member for Sturgeon Creek knows that. I believe the Member for Sturgeon Creek, despite the fact that perhaps he didn't learn that anywhere else, but, Mr. Speaker, trade never takes place unless it's to the advantage of both the purchaser and the seller. There will be some commodities, Mr. Speaker, in which availability will affect trade. The fact that we can't grow oranges in Manitoba or lettuce in Manitoba means we have to buy it, at least lettuce during the winter, when no one else . . .

SOME HONOURABLE MEMBERS: Spare us this!

HON. A. ANSTETT: Well, the members opposite are now saying, "Spare us this." But they are the people who can't concede that someone who produces electricity from coal finds it to be to their advantage to purchase cheaper electricity produced through hydro-electric plants. For some reason, some members opposite have trouble with that.

The members opposite, I am sure, would admit that if the price of lettuce went so high that it would be

cheaper to produce it in greenhouses in Manitoba that that's where our lettuce would come from. They would admit that, I hope. Maybe not the Member for Sturgeon Creek; he can't find merit in anything coming from this side. He is so ideologically blinded, and I think the same applies on this issue to the Member for Lakeside and the Member for Pembina. They can't understand, and they have argued today against the NSP sale despite what's in the NEB report of last March. They have argued against that sale on the basis of there being something wrong with price.

MR. A. DRIEDGER: Tell us about the heritage price. That's what we want to know.

HON. A. ANSTETT: Well, I'll come to that for the benefit of the Member for Emerson. But I am dealing with the first argument I heard from the Member for Pembina and the first argument I heard from the Member for Lakeside. I like to think their speeches were logically constructed and that I would learn something by following that construction. If members opposite are telling me that they concur that the Members for Pembina and Lakeside made no sense then they can get up in a few minutes and confirm that.

Mr. Speaker, they seem to have a fundamental objection to the suggestion that an international trade in this case, or in any trade, we should sell a product at less than it costs the buyer to make it.

MR. F. JOHNSTON: They can make it themselves and we could make it ourselves.

HON. A. ANSTETT: Now the Member for Sturgeon Creek from his seat says, "they can make it themselves," and no trade would take place if our price that we wanted was equal to or greater than the price that it would cost them to produce it themselves. The people who are paying for this are not the people of Manitoba but the people in Northern States Power. It is their price of production that determines what they will pay, and trade only takes place, Mr. Speaker, . . .

MR. F. JOHNSTON: Why don't you just make it 10 percent? Give them 10 percent. Why not 5 percent?

HON. A. ANSTETT: If honourable members want to argue that, I'd be happy to hear from them. Mr. Speaker, the NEB report refers, and I will find the reference. The member has some problems with 5 and 10 percent. I will find the reference for him in the report in which the Sherco differential is at one point 94 percent, which is only 6 percent, and another point, 86 percent, which is 14 percent, and eventually within the life of the contract goes to 80 percent, which is a 20 percent differential.

He says why not make it 5 or 10. Well it starts off at 94 which is 6. So his objection is now met. The Member for Sturgeon Creek thinks the NEB report is rubbish; that's his problem, Mr. Speaker.

I believe the NEB report is a fine document; the Minister of Energy and Mines has said so. Everyone on this side, in fact, was amazed and took great pleasure, as members opposite know, upon receiving that report and hearing the NSP sale and Manitoba

Hydro's argument for the sale completely endorsed, and the arguments of members opposite completely repudiated.

Mr. Speaker, you know, it's rather peculiar that it took them two months since that report was tabled in this House to get up on their feet and even ask questions about Hydro. They were so overwhelmed and so totally repudiated in the position they took at the NEB hearings, and their opposition to the sale and their trumped-up card about hydro rates. Somehow they think that hydro rates are supposed to remain static forever and ever. Somehow they forget the tremendous cost to the Treasury that the former Member for Riel and the current Member for Turtle Mountain had to pump into the subsidy they were providing to hydro-electric consumers in Manitoba to freeze hydro rates. They weren't frozen Mr. Speaker. Hydro rates weren't frozen.

The taxpayers of Manitoba subsidized electricity consumers in this province for four years and the people of Manitoba, through that stabilization fund, paid every penny of that pseudo-freeze. Hydro rates can't be frozen unless costs of production, and operating and maintenance costs don't go up. The fact of the matter, Mr. Speaker, was, those costs were not frozen, so the rates could not be frozen without bankrupting Hydro. In effect, the people of Manitoba, through the instrumentality of the Provincial Government and the Minister of Finance, pumped money in through the Rate Stabilization Fund, and members know that. So let's not talk this kind of fraud.

But let's deal with some of the arguments that some of the members opposite have made, because it's been very clear from their position up to the National Energy Board decision - and to be quite honest, I thought politically they'd made a shrewd move.

I'll lay the cards on the table. I thought that, after the NEB decision, they'd played turtle, crawled into their shell and were going to develop a new strategy to oppose this government on the whole question of hydro development, and find a way of thwarting the tremendous endorsement that this government got from the National Energy Board and that Hydro got from the National Energy Board. I thought, Mr. Speaker, they would try and find a method of criticizing that proposal while, at the same time, endorsing the accelerated construction of Limestone and the actual sale, because their arguments had been totally repudiated. But instead, they played turtle, couldn't find an argument, didn't have a quarrel.

Now they've gone back to fall on the old arguments, hoping the public and the media of this province will forget that they were repudiated only two months ago. I don't think the media or the people of this province will forget that. I think they know what positions the Tories took last fall. I think they know that position hasn't changed. But what's really peculiar is, although the Leader of the Opposition was a little careful during question period, the arguments advanced, Mr. Speaker, by the Member for Lakeside and the Member for Pembina were the same old arguments.

It's clear from statements by the Member for Tuxedo, the Leader of the Opposition, the Member for Lakeside, the former Member for Riel, Mr. Craik, both during and after the NEB hearings, that they're against both the NSP sale and against Limestone development starting in 1990. And they said that again today — (Interjection)

— Limestone construction starting in 1990, yes. The actual installation of generators and the production of electricity on the first of the generators will be in 1990.

Now I don't know why they're opposed to that. I thought they would have changed that position having been totally repudiated, but they still continue to criticize the economics of the NSP sale, despite the NEB report. They keep making up fictitious figures and arguments, make-believe facts but, Mr. Speaker, what's really interesting about this is, when they appeared before the NEB, they said in their submission: "Our purpose in appearing here is to ensure we have an opportunity to cross-examine and request further clarification on the items presented." Yet, contrary to other interveners, Mr. Speaker, when given the opportunity to question the analysis presented by Manitoba Hydro professionals and other witnesses, they ducked. They refused. They sat in their chairs. Yet, they had said that's why they were there. They wanted to get clarification. They wanted to examine the facts.

Mr. Speaker, they also refused to detail or even clarify the figures they'd made up on Limestone development which they presented to the board, which are mentioned in the board report. I refer honourable members, if they've forgotten what they said - well I'll refer them later. I don't want to waste too much time looking up what they said.

The fact of the matter is, their presentation is recorded in the NEB report and in the appendices. They can't waffle on that. They can't change those facts. But they were totally repudiated.

Mr. Speaker, the fact of the matter is that the Manitoba Energy Authority and Manitoba Hydro, with the complete concurrence and under the leadership of the Minister of Energy and Mines, negotiated a contract with Northern States Power for the sale of 500 megawatts over 12 years. The facts of the matter — (Interjection) — and the Member for Lakeside from his seat now says, it's a sweetheart deal for the Yanks.

The Member for Sturgeon Creek holds up his hand, and he says it's a sweetheart deal for the Yanks. So the Member for Pembina, the Member for Sturgeon Creek, the Member for Lakeside all say it's a sweetheart deal for the Yanks, despite what the National Energy Board had to say about that sale. The National Energy Board said it was the best possible price that could be got, and that it was an excellent deal. That's a very, very interesting observation.

I'm surprised that members opposite haven't changed their position. I'm amazed that in two months, having ducked and played turtle, they've now come back to the same position, because they haven't found another way of attacking our government's development strategy for Hydro and our sales program. Actually, that's a tremendous compliment. That's a tribute.

After two months of ducking, of backing and filling by a bunch of cut-rate, second-storey men, we have now got the same position again. It's a very good line, Mr. Speaker — (Interjection) — no, not in this case. The Member for Kirkfield Park and the Member for Gladstone haven't fallen into the trap. They haven't been the fools who've come back with the same argument.

MR. D. ORCHARD: That's why you got fired, Andy. Remember?

HON. A. ANSTETT: I wish the Member for Pembina would sometime take the libelous and slanderous statements that he purports to make from his seat and put them on the record here so they could go to Privileges and Elections, or put them on the record out in the hall so he could go to court with them. Until he does Mr. Speaker, I choose to ignore them.

Mr. Speaker, the abiding concern that some members opposite appear to have is with regard to hydro rates. That was the other argument they made before they touched on the Heritage Fund. Mr. Speaker, Manitoba Hydro, at the Public Utilities Committee of the Legislature last year, presented a tremendous amount of detail to show that Manitoba ratepayers will be better off in terms of hydro rates with the sale than without the sale. Do you know, Mr. Speaker, even then members opposite stopped making the argument? They played turtle, because their argument on that score was totally destroyed by the facts presented at the Public Utilities Committee. They stopped making the argument again. Now today it's come out, because they can't find another way to attack what this government, the Energy Authority, and Manitoba Hydro are doing. It's a tremendous endorsement of our policies and our action that they have not found any new way to attack it.

The president of Manitoba Hydro and the senior management personnel at those meetings last June all maintained that the ratepayers in the province will still have the lowest rate structure in North America with the exception of one minor local utility in the State of Washington. Mr. Speaker, opposition members, despite a great deal of questioning, could not find a flaw in those statistics and in the case that was made, not by the Minister responsible for Manitoba Hydro but by the staff of Manitoba Hydro who were there.

Mr. Speaker, other members opposite now have a problem which seems to have been regurgitated just like the other questions from their old arguments. We lost it for two months, but suddenly the economics of the NSP sale are in question; not just the merits of international trade, not just the precepts of trade, which some of them apparently haven't learned, but now they question the basic economics of the NSP sale and whether or not it really gives Manitoba \$3.2 billion in benefits at a cost of \$1.5 billion and at a net profit of \$1.7 billion.

Included with the material presented to the National Energy Board are extensive sensitivity analyses which assume special co-efficients for all of the possible variations in those estimates.

Mr. Speaker, it's rather interesting that not only after doing all those calculations did the board say, in response to a gentleman named Donald Craik, that the board is satisfied that in the circumstances of this case the export price is the best price that could be negotiated by the applicant in its particular United States market, but despite the fact that Mr. Craik had said the price of the power and the sale to NSP cannot adequately be judged in advance at good, bad, satisfactory or otherwise because it's based on assumptions which are outside the control of Manitoba, and to some degree Canada, and will only be known after the fact, the board said no, that's not true; we can calculate all of those possible variations and allow for them and take the full-range negative or the full-range positive and calculate the benefits of the sale. And they did that.

Mr. Speaker, some members opposite, including the Member for Tuxedo, said there was a great risk to the NSP sale, and the Member for Lakeside repeated that again today. That was another one of the canards that was used last fall and used this past winter up till March that there was some horrendous risk to the sale.

Well, Mr. Speaker, I don't think there is any question. The Minister of Mines has acknowledged that if you want to make a profit you are going to take some risk, but that the total risk involved in this case is virtually nil compared to the profit potential of the deal. NSP is committed to purchasing 500 megawatts between 1993 and the year 2005 regardless of the circumstances of that particular time. NSP, under the take or pay contract, is required to take the Manitoba Energy regardless of whether their load materializes. In addition, if there are cost overruns on the building of Sherco 3, then this will form the basis for the capacity charges under the contract, which will then be higher than they would be under the initial agreement. It also applies to pollution control equipment that is being applied under Sherco 3. So, Mr. Speaker, all of these kinds of arguments were taken into consideration by the National Energy Board and were totally repudiated.

Mr. Speaker, the National Energy Board, in response to the question of economic benefit, and in response to a statement by the Leader of the Opposition who suggested that the money we get from the sale of energy could be diverted into other government spending so they can go on using the money for whatever purpose they want and take it and cream off the top of Manitoba Hydro's energy sale on an export basis, that was a statement of the Leader of the Opposition made to his convention last November. But, Mr. Speaker, what did the National Energy Board have to say about that?

Two of the interveners expressed concern that because the purchase agreement provided that Manitoba Energy authority was to collect the export revenues, there was no guarantee that the export revenues would be used to recover Manitoba Hydro's advancement cost. In this case, the board was satisfied that the revenues from this export would accrue to the benefit of not only Manitoba but Canada as a whole. That's not the government, the Minister, or Manitoba Hydro. The National Energy Board says the board was satisfied that the revenues from this export would accrue to the benefit of not only Manitoba but also Canada as a whole.

MR. H. ENNS: Your Premier called that rubbish today.

HON. A. ANSTETT: Mr. Speaker, the Member for Lakeside suggests the Premier called the NEB Report rubbish. Mr. Speaker, it's very clear that what the Premier referred to as rubbish were the statements by the honourable members opposite referencing the National Energy Board and misinterpreting the statements that were in that report.

A MEMBER: Read Hansard. Andy, you're in trouble.

HON. A. ANSTETT: I was going to, just a moment.

Mr. Speaker, one of the other arguments that members advanced today, which I found rather amusing, contradicted another statement in the National

Energy Board Report. I can't find the first cut of today's question period, Mr. Speaker, but I believe the quote to which the Member for Lakeside was referring on the part of the Premier was very clearly referenced to the argument that members opposite made with regard to the question of sales benefits and profits.

But, Mr. Speaker, the board also suggested in their determination of the benefits to Manitoba that there would clearly be a \$20 million minimum advantage to the advancement of construction completion in terms of the installation from the end of '92 to the end of '90. Mr. Speaker, that \$20 million advantage, which is to accrue to Manitoba Hydro, certainly forms part of the overall benefit to the people of Manitoba.

Mr. Speaker, part of the argument that has always been made by members on this side is that the resources of this province should be used for the benefit of all Manitobans. Mr. Speaker, that's why the question the Member for Lakeside raised in his comments of the difference between Alcan and Alcoa represents a difference in approach by their side as opposed to this side, a difference of a resource sell-out as opposed to a resource use for Manitobans. The difference between the proposed potash royalties for IMC and the new Canamax proposals with the Government of Manitoba will also clearly point out the differences in the way we respect the use of our resources rather than sell our birthright as members opposite proposed to do in a bid for re-election in the fall of 1981.

But more importantly, Mr. Speaker, that same philosophical difference between those people who claim to be businessmen but would sell the very rights of the people of Manitoba to their natural resource wealth for re-election will be exposed in the way we propose to deal with the profits of the sale.

Mr. Speaker, I'm amazed they even have a problem. You know, I thought they'd change their strategy. Mr. Speaker, how much time do I have left?

MR. SPEAKER: The honourable member has 12 minutes remaining.

HON. A. ANSTETT: Thank you, Mr. Speaker.

Mr. Speaker, the Heritage Fund is the key to demonstrating the difference in philosophical approach between members opposite and members on this side, but more importantly, Mr. Speaker, the fact that this debate even ensued today demonstrates the complete moral bankruptcy of members opposite on the question of respect for our natural resource wealth.

This is fundamental. In March of this year, they stopped the argument; they hid for two months. I said this when I began. But now let's look at the other wrinkle. Not only is the fact that their attack is now the same proof that they found no new arguments against what this government was doing with hydro development.

But, Mr. Speaker, what's even more interesting is that they thought through no new way of addressing the development of our natural resources. Their philosophy hasn't changed, their ideology hasn't changed, their policies haven't changed because, Mr. Speaker, it's a knee-jerk reaction. They saw a Free Press headline today and decided to have two of their members get up on grievance and burn a whole question period about the Heritage Trust Fund. Why,

Mr. Speaker? Because they told us in March and they told us again today the NSP sale is economically a bad deal and there won't be any profit.

Well, why are you concerned? If there is no profit, why do we need a Heritage Trust Fund? Mr. Speaker, they said the hydro rates were going to wipe it all out, everything was going to be eaten up. Well, then, why do they have to worry?

Mr. Speaker, we are now engaging in a debate with members opposite about what will be done from the profits of a sale that they say is no good and there will be no profits. Why bother having the debate? Why waste our time?

Mr. Speaker, members opposite want to get into a foot race with somebody they have said can't run. We want to run in a race with someone who has no legs. This debate wouldn't be here if they did not know deep inside there was a profit. If they knew that their argument in this Chamber and out on the hustings that there was no profit and any credibility, they wouldn't have started this argument here today. But they know they are devoid of credibility. They know the people of Manitoba respect what this government is doing and they believe in Heritage Trust Funds.

Mr. Speaker, what is the Heritage Trust Fund? What did the Minister describe it as yesterday? He described it as a mechanism to be provided by legislation, to be backed up by statutory authority, to ensure that in the future the profits from Manitoba's many hydro-electric sales, and there will be more, and the administration of those by the Manitoba Energy Authority will be placed in a trust because there will be more money coming from those sales than is necessary to keep hydro rate increases below the CPI.

We know the Manitoba Hydro, MEA and the National Energy Board all believe that there will be profits over and above the monies that are necessary to keep Manitoba with the lowest hydro rates in North America, and that we need now to begin to plan and set aside and provide the vehicle to ensure that those monies can be set aside as they are earned.

Mr. Speaker, I can't tell members opposite; I am not an accountant - I know they obviously haven't consulted one or they wouldn't have asked such stupid questions today - but I do know that you cannot project forward 1984 dollars on an accumulated cost or accumulated revenue basis in constants - the ratios do not remain the same - and anyone with a simple understanding of geometric progressions in algebra will know that. The Member for Morris may be the only one on that side who does understand that.

The fact of the matter is that that extension is impossible, and you know that in '93, '95, 2001, that what you get is a final figure but you can't determine what the balance will be at any time. That will be variable depending on all those cost factors in those equations that were developed and passed on by the NEB. The member knows that.

What I find hard to believe is members coming in here and telling us there is no profit when the NEB itself said the advancement creates a \$20 million profit in 1991. They want to know when the first profit - that's the question the Member for Morris has demanded that I answer. When will the first profit be created? Mr. Speaker, I refer him to the National Energy Board Report which says the advancement in 1991 creates a \$20

million profit for the Province of Manitoba. So, obviously, the first profit is created in 1991 according to the National Energy Board Report.

A MEMBER: Is that going into the funds?

HON. A. ANSTETT: I am not a hydro engineer, a hydro accountant; I can't tell the member that the National Energy Board calculation of a \$20 million profit in 1991 is right, but the National Energy Board said it was right.

So in 1991 there is \$20 million; in 2005 there is \$402 million which the board and the Minister have calculated and Hydro has calculated in 1984 dollars forecast 21 years ahead at \$1.7 billion profit. The National Energy Board agreed with those figures that \$402 million in 2005 dollars is \$1.7 billion.

Mr. Speaker, I don't question those figures. If the members opposite really have a quarrel with the National Energy Board report on those figures, let's see their analysis; let's see their critique. But, Mr. Speaker, I am not going to get into a debate with chartered accountants and engineers on that point. But, Mr. Speaker, I will get into a debate with members opposite about the complete repudiation of the arguments they advanced today two months ago.

The only new argument they have advanced today is that somehow there is something wrong with this Manitoba Heritage Trust Fund. It's like the Jobs Fund which they called the fraud fund until it started producing results, until, Mr. Speaker, the new fire hall was opened in Morris . . .

MR. C. MANNESS: Pardon?

HON. A. ANSTETT: Until the new fire hall was opened in Morris, or the new municipal office in Sanford, or a Main Street project was done somewhere else, and members opposite praised the fund on the hustings but stood in this House and called it a fraud fund.

Mr. Speaker, many members opposite have praised the participation of provincial monies in projects in their constituencies . . .

MR. C. MANNESS: The Community Assets Program - we have done that for years.

HON. A. ANSTETT: Yes, the Community Assets Program is funded by the Jobs Fund. If the Member for Morris didn't know that, he'd better learn something. The Manitoba Community Assets Program, \$7 million last year came out of the Jobs Fund, and the member praised it. He is on public record and he is in the *Scratching River Post*, or whatever it's called, praising contributions of the Manitoba Community Assets Program to that. But that was the fraud fund; now the Heritage Fund is the hoax fund.

But, Mr. Speaker, they are going to eat those words. Just as they ate the words "fraud fund" out on the hustings in their own constituencies, they will eat the words, "hoax fund" when the Heritage Fund starts to provide development opportunities for Manitobans.

The real hoax in this Chamber today is members opposite having told the people of Manitoba for a year it's a lousy deal, a lousy sale, trade won't work, the price is no good, there really won't be any jobs, the

rates will go all over the place. They had to quit all those criticisms; they were totally blown out of the water. But all along, they also said because of all that there will be no profit.

Mr. Speaker, today they came into this Chamber to argue about when the money would flow, how much would flow, and asking questions about what we were going to do with it. Mr. Speaker, if there is a hoax, the hoax has been perpetrated on members opposite. They have been completely bamboozled by themselves. They forgot to think it through.

If the hydro sale was no good, if Limestone construction was no good, if Limestone advancement was ill-advised, and if there wasn't a penny to be made, then why is there a profit and why are they here debating today when the money will flow, how much will flow and what we are going to do with it? The hoax of the Heritage Fund has been perpetrated on members opposite. They have had two months to think about the NEB report.

I hope they come to their senses soon or they are really going to be fools before the people of Manitoba, even more so than they have been on their attacks on the Jobs Fund, on their attacks on Main Street Manitoba, on their attacks on every other program advanced by this government; that's been well received by the people of Manitoba. It's a sad day. I said at the

beginning, I'm amazed; I'm amused; it's a sad day for members opposite. The political sham lies at the door of the Tory Caucus Room. Members opposite are going to have to come to grips with themselves. You can't just pull out the muzzle loader and blast away with 19th century mental powder. What you've got to learn is that we're in the 20th century; that things have changed; that the ideology and the method of just firing away won't work.

The fact of the matter is you now know there will be profits, 402 million in 1984 dollars; 1.7 billion in 2005 dollars. Now having been totally repudiated, you want to come here and fight about what's going to be done with the profits. Well, that's a tremendous compliment to the Minister of Energy and Mines. We'll certainly be honoured today to tell him that you've paid him that compliment. I thank you very much.

MR. SPEAKER: Are you ready for the question?

Before the House is the motion to go into Committee of Supply, is it the pleasure of the House to adopt the motion?

Is it the will of the House to call it 5:30?

The hour of adjournment having arrived, this House is adjourned and will stand adjourned until 2:00 p.m. tomorrow (Thursday).