



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

DEBATES
and
PROCEEDINGS

33 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
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ANSTETT, Hon. Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
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DOWNEY, James E.	Arthur	PC
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EVANS, Hon. Leonard S.	Brandon East	NDP
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FOX, Peter	Concordia	NDP
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GRAHAM, Harry	Viriden	PC
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HARPER, Elijah	Rupertsland	NDP
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NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
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PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, Hon. John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
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WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 18 June, 1984.

Time — 8:00 p.m.

SUPPLY - ENERGY AND MINES

MR. CHAIRMAN, P. EYLER: Committee come to order. We are considering the Estimates of the Department of Energy and Mines.

INTRODUCTION OF GUESTS

Before starting I would like to draw the attention of members in the Chamber to the Gallery where we have standing a group of 12 students, Grades 5-8 from Suncrest Colony. They're under the direction of Mrs. Pat Gyfelinck and Mike Maendel and they're from the constituency of the Honourable Member for Emerson.

On behalf of all of the members, I would like to welcome you here tonight.

I believe we are on Item 3.(b)(1) - the Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, some time ago the government held a hearing as to the recovery of some of the oil in the Waskada Field by the introduction of some of the unusable gas or unmarketable gas that is coming out of some of the oil wells in the area. Was that permit allowed to go ahead or was permission given to Omega Hydrocarbons to use the new recovery method or the recovery method using the natural gas that's unmarketable into the ground? Was that permission given?

HON. W. PARASIUK: They've received a permit to reinject the gas into the ground for enhanced recovery. That is what they deemed to be the most economic use for the gas right now.

MR. J. DOWNEY: They've received a permit. Have they proceeded to use the technique? Mr. Chairman, is there any information as to, I don't suppose this is new, I imagine it's used in other jurisdictions, but they're actually using it now, are they able to increase the recovery of the oil wells that have been on stream for some time?

HON. W. PARASIUK: The injection start began last Wednesday, so it's too early to tell what impact it's having. The hope is that it would increase output by twofold.

MR. J. DOWNEY: Mr. Chairman, some time ago I know the Minister was invited out to open that new gas plant in the Waskada area since I was invited to be there as well. For some reason there was a delay in the opening; is it because of supplies of product or was it technical problems with the plant, or what was the actual difficulty with that?

HON. W. PARASIUK: Hope was to open a functioning plant and they had had some technical heaving-in

problems and the plant was not operational and they wanted to have the opening postponed until they had sorted those out. I would assume that in due course those heaving problems will be sorted out and we will all be invited back to the opening of an actual functioning plant. It's been a bit intermittent, but hopefully it will be going full stream now.

MR. J. DOWNEY: Earlier in the afternoon I'd asked the Minister about the oil well business in Manitoba. What was the - maybe it's in the report which I could refer to, but maybe the Minister has the information - what was the percentage of producing wells last year to those that were drilled? What is the success ratio of the oil wells drilled in Manitoba?

HON. W. PARASIUK: The success rate for the last two years has been something in the order of 90 percent.

MR. J. DOWNEY: What has been the average production of the wells, the new wells, over the last two years?

HON. W. PARASIUK: Roughly in the range of 15 to 25 barrels per day.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, as well, I was interested in how many actual drilling permits are waiting to go ahead and proceed to be drilled? How many have actually been given out by the province, say, to drill this year? What is the anticipated number of holes to be drilled say in the Waskada, Pierson, Tilston, Virden field? What are the permit applications in numbers?

HON. W. PARASIUK: As of this morning there were some 98 issued and we're anticipating something in the order of 250.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, does the Minister have any involvement now with the Manitoba Oil and Gas Crown Corporation?

HON. W. PARASIUK: Yes, I'm the Minister responsible for Manitoba Oil and Gas.

MR. B. RANSOM: Can the Minister give us an update as to the present status then of that corporation?

HON. W. PARASIUK: They are at the stage of conducting interviews to staff up - I think they'll have a staff in the order of probably four or five people. They are having discussions with a number of companies in the private sector and they're at that early stage of their operation.

As far as I can tell from my memory, there are no joint ventures agreed to as yet, but there are discussions under way and there are discussions relating to a final agreement with respect to a joint venture between Intercity Gas Manitoba and Manitoba Oil and Gas with respect to the Waskada Cromer Pipeline.

MR. B. RANSOM: Has the government changed its ideas in terms of the goal for Manitoba Oil and Gas Corporation and what they expect that corporation to accomplish?

HON. W. PARASIUK: I think last year we indicated what the approach would be when I was Minister of Crown investments and we discussed that approach. We said we would ensure that we moved to staff up properly; that we would have consultations with the private sector; that we were looking to joint ventures especially with small and medium sized companies, many of whom have some very good ideas and have done a lot of good research on what the possibilities might be, but to date have not been able to work out farm-outs or development agreements with too many of the larger companies whose interest in the past at least has tended to be on places elsewhere, where they believe that they had a better opportunity of finding the big elephants. They felt that their overhead costs were too high to be bothered with wells that have an average production of 15 to 25 barrels a day.

At the same time, these smaller entrepreneurs have shown some of the bigger companies that there is oil there, that the success rate can be very high and that they can be profitable. What they need are partners who can help them undertake this activity. That would be the shorter-term goal.

The medium-term goal would be to develop a good basis of information, a seismic information and knowledge of the south-west; and a third would be to keep a window on other types of developments with respect to enhance recovery because this gas injection is the first one of its type. People basically have been using salt water injection.

There are other techniques that could be explored and they're keeping a watching brief in a sense on what's happening with respect to deep well drilling and keeping a window on what's happening in the Hudson Bay, but the way in which it's proceeding is not departing from what I laid out before the Legislature last year.

MR. B. RANSOM: Mr. Chairman, we've debated this previously, of course, as to whether or not there's any need for that kind of a corporation. I haven't changed my view, in that I don't believe that there is. I don't think there's been a demonstrated need at all and I think that as time passes we'll obviously have an opportunity to assess just how valuable it's been to the taxpayers.

But I notice one interesting thing in the Department of Energy and Mines Annual Report for the Mineral Resources Division, where on Table 6, we now see that beginning in 1981 that the industry reported total expenditures in 1981 slightly exceeded for the first time the total value of oil sales in Manitoba. That is, in 1980 the total value of oil sales in Manitoba was about \$55 million - just under. In 1981, the industry was spending

just over 55. In 1981, the total sales of oil were \$64 million and in 1982, the following year, then the industry was reporting \$82 million of expenditures; so that following a year behind the sale of oil in the province, the total industry is putting more money back into the province than the value of the total sales of oil in Manitoba. Given that kind of a situation, it seems unusual to me that the province should be contemplating getting into the business.

If the industry was taking far more out of the province than was being put back in, I could see the government making a case for it. Mr. Chairman, what we have, the last two years shown in this report at least, is it's just the other way around. Industry is actually putting more money back into the province than the total value of the oil sales which I take it includes royalties that are going to the province as well and it's not a net figure.

On another issue, Mr. Chairman, can the Minister give us some indication of how Manitobans are benefiting from the activity that's taking place there in southwestern Manitoba in terms of job opportunities and suppliers and that sort of thing? I know that the government has commented about Buy Manitoba Programs and set up a task force for the North to look at future Hydro development and how they'll benefit. How is that being handled with respect to the oil situation?

HON. W. PARASIUK: I'm actually glad that the Member for Turtle Mountain raised both points together because one of the objectives of the Manitoba Oil and Gas Corporation is to try and ensure that the booms continue with a stable, balanced, ongoing development. We've had booms before in Manitoba, but without that ongoing type of activity, and I believe and geologists believe that there is oil not only in the Waskada area - and I believe that the boom over the last two years has been primarily in the Waskada area - but there is oil in other areas of Manitoba as well, that people were flocking in around the Waskada well, the original find.

It's important that that activity be spread out into other parts of southwest Manitoba. We are hopeful that the Manitoba Oil and Gas Corporation will help to achieve that in concert with smaller entrepreneurs. That's important to have that continued development if we're going to build up that base level of services within the southwest. I've had meetings with the oil industry, I've had meetings with local people, and the local people have been a bit frustrated that the private sector to date hasn't employed more Manitobans, hasn't bought more for Manitoba.

When I talk to the private sector, their comment back to me is that they feel that the prices weren't good enough; that there wasn't enough experience; that there wasn't guaranteed production. I've been working with the companies asking them to try harder, to try harder to get more people involved in the oil servicing industry.

I'm hopeful that Inter-City Gas, a Manitoba-based corporation, will in fact take that more to heart, but I've been getting some response from some of the companies that are based outside of Manitoba. But there is a tendency - to date, anyway - of people coming in, say, from Alberta, in the past bringing the oil rigs with them, saying they were more used to them, more experienced and we've been working with them asking them to try and use local labour.

When I met with some businessmen in and around the Virden area and we talked about this, I asked them what level of government intervention they thought was appropriate. They said that they did not want government intervention because they were concerned that they might have the Saskatchewan Government apply some reciprocal type of intervention. They felt that they were close to some of the oil play in Saskatchewan and all they wanted, they said, was a fair chance. They did not want to have people coming in and not paying proper Manitoba taxes so we contacted the Finance Department and we've asked them to increase their cheques; and we've contacted the Highways Department as well. We believe that those people who do business in Manitoba should be subject to Manitoba taxation and that there would be a fair approach that way.

We have had some local activities; we've had new motels, restaurants. We've established ourselves, in fact, a local field office in Waskada. We have local employment that's increasingly being generated. I think as they get more experience in dealing with Manitoba contractors, more local contractors are being used. I've been informed that two local drilling companies have drilled one-quarter to one-third of all the wells to date in 1984 and I think that's a good sign because a couple of years ago they were saying they weren't being used enough. I think it was a matter of there being a lot of excess capacity in Alberta and Saskatchewan. These people are probably being extremely competitive in just trying to keep their crews together and keep them working, so in a sense it was probably a buyer's market.

We were concerned that not enough Manitoba content was being utilized. That situation, I think, is slowly improving but it's a matter of building up that capacity over a period of time, and secondly, hoping to in a sense, level out the booms and busts and hope for stable ongoing development and then I think we'll have the biggest possible spinoff for Manitoba involvement.

MR. B. RANSOM: Is the Minister satisfied that operators, say, from Saskatchewan or Alberta, are indeed paying the same kind of gasoline fuel taxes that Manitoba-based operators are paying and that they're paying payroll tax that would render Manitoba operators at least in the same position as Saskatchewan and Alberta operators in order to be able to compete. I think that all most private business people want is to be able to compete on the same footing as the next fellow.

HON. W. PARASIUK: I believe that if one considers all areas of taxation, one would find that Manitoba taxes are competitive with other jurisdictions. I would think that those people who do business in Manitoba, buy their gas in Manitoba, pay their payrolls in Manitoba, even if they may be headquartered in Saskatchewan or Alberta, and I certainly . . .

A MEMBER: And pay tax on the gas in Saskatchewan.

HON. W. PARASIUK: I'm not sure if people are running back and forth. I've just heard a comment that maybe

they're running back and forth to Estevan to fill up and get a tank of gas and drive all the way back to Manitoba. I think that would be a false economy on their part and I believe that when they do business in Manitoba they buy the gasoline locally and they pay the local taxes. That's all in fact that the local people were saying; they said that they felt the people there should be on the same footing as the Manitobans doing business and I think that we are having the Department of Finance monitor the situation. That holds true with any type of taxes at a border point.

I think when the member was the Minister of Finance and probably had comments raised to him before about possible differences in taxes, but the situation is being monitored by the Department of Finance and I understand being monitored by the Department of Highways as well. I would hope that they are doing their jobs. I believe they always have in the past. I can't set any targets with respect to satisfaction - one is a bit like *Oliver Twist* in this respect and would always like more - and we have said that we are trying to achieve more local involvement in the oil industry in southern Manitoba.

That means that we have to have some type of continuous development and that's something that we've always raised with all of the oil companies that we've dealt with. We have asked them to not just follow the practices that they might have followed elsewhere, but actually to be very conscious of Manitoba content and to try and meet it. I'm pleased to say that I believe there has been some improvement over the last two years.

MR. B. RANSOM: Mr. Chairman, will the Minister undertake to ask the Department of Finance and perhaps the Department of Highways what they know specifically about operators working in the area whose payroll cheques come from Saskatchewan, whether they are in fact paying the payroll tax, because it makes a difference to a local operator; and in fact what kind of returns they're getting in terms of contractors who are based in Saskatchewan and doing business here? What sort of evidence is there that, in fact, they're buying their fuel here or else forwarding the tax to the Department of Finance? Could the Minister undertake to check those two things and let us know what reports he gets?

HON. W. PARASIUK: Certainly I'll undertake to check with the Department of Finance in that connection. I would think that if they have payrolls in Manitoba, these payrolls would, in fact, pay the levies that are allocated for Manitoba.

I'll certainly check to see how it's done in the Virden area. We've probably had experience with respect to other areas. I know that the Flin Flon and Creighton areas are right over the border and I'll check on that as well. I certainly will undertake to check those things as the member has requested.

MR. CHAIRMAN: 3.(b)(1)—pass; 3.(b)(2)—pass.
3.(c)(1) - the Leader of the Opposition.

MR. G. FILMON: Mr. Chairman, earlier today the Member for Swan River engaged in some discussion

with the Minister regarding the limestone deposits near Mafeking. My understanding is that a mineral lease has been granted to - perhaps Genstar is one, and I believe Steel Brothers purchased the lease from Saskatchewan Minerals Corporation. There was some arrangement whereby one of the companies purchased a lease that had formerly been owned by the Saskatchewan Minerals Corporation. Am I right in recalling that?

HON. W. PARASIUK: Yes, Steel Brothers purchased an exploration lease that was granted to them in 1980, I believe, granted to the Saskatchewan Minerals Development Corporation in 1980 and they purchased that exploration of these from Saskatchewan Minerals Development Corporation. Genstar has leases in the area but they as well have exploration leases to explore some of the limestone deposits in the Mafeking area which are quite good.

MR. G. FILMON: Having travelled the Mafeking area a number of times last fall, and entered into discussion with some of the people there, I understand that the limestone deposits are indeed good deposits and they hold out a great deal of promise for some jobs and development in the area. I believe, however, that the mineral lease that was purchased by Steel Brothers from Saskatchewan Minerals Development Corporation carries with it a caveat that requires Steel Brothers to set up a cement plant in the Province of Saskatchewan. Is that correct?

HON. W. PARASIUK: Apparently the exploration permit that was granted to Saskatchewan Minerals Development Corporation carried no caveats. But Saskatchewan Minerals Development Corporation then attached a caveat when they sold it to Steel Brothers and we have told Steel Brothers quite clearly that that type of thing can not be done by another jurisdiction with respect to leases that exist in Manitoba. Sovereignty in Manitoba rests in Manitoba and not with the Saskatchewan Minerals Development Corporation.

MR. G. FILMON: So, in fact, the Minister has taken the position that the condition that was put on the transfer of the lease is invalid and that Steel Brothers is not bound by that condition. Has the Minister obtained any legal interpretation of that, or any legal opinion on that?

HON. W. PARASIUK: In fact, what's involved is the granting of a development lease and the exploration lease by itself is not worth much unless there is a development lease granted. That sovereignty is held with the Provincial Government. We have talked to Steel Brothers and we are hoping to work out alternative arrangements whereby it would be possible for Steel Brothers to look at some other areas, get limestone that is just as good, and not be bound by a caveat to a lease that they purchase from the Saskatchewan Minerals Development Corporation. We are looking at that; we hope to resolve it. I think we can resolve it in a way that's beneficial to Manitoba and for the Mafeking area.

MR. G. FILMON: Is the Minister intending then to place as a condition on any development lease in that area

that the limestone not be transported across a provincial border?

HON. W. PARASIUK: With respect to this particular situation, yes, we have done that taking into account the particular circumstances and historic situation regarding all of the companies. There are some companies that have taken limestone out of Manitoba and processed it elsewhere but that has been an ongoing relationship. I don't want to change that, I think to do that categorically would be unfair.

However, if a new operation is starting out where we believe that we have competitive and comparative advantage in Manitoba it seems strange that somehow the sovereignty over mineral leases in Manitoba could be traded by a party outside this province. That is what we are dealing with, and I believe we are dealing with it successfully. Hopefully over the course of the next few months we will conclude an arrangement satisfactory to Steel Brothers and to ourselves, and have a situation where we do have the potential for processing in the Mafeking area. There are some other aspects that we have to look at and we are taking a look at energy costs involved in doing further processing in the Mafeking area, but it certainly would be our hope to try and promote greater economic development in that area using the resources that are in that area where we believe we have comparative advantage to other jurisdictions.

MR. G. FILMON: When the Minister refers to processing, is he speaking merely of cement production or is he talking about crushing for use as aggregate and so on?

HON. W. PARASIUK: Right now, we're talking about mine processing but again we leave the options open for people to look at even further.

MR. G. FILMON: At this point in time are any of the organizations that either have or are seeking mineral development leases for the limestone deposit in that area, are they considering the feasibility of setting up a lime processing plant there?

HON. W. PARASIUK: As right now, Steel Brothers will look at the feasibility; they want to take a look at the quality of limestone and the other areas that we've delineated and they'll take a look at the quality. They'll do some feasibility work and then, hopefully, we could discuss possibilities of processing further.

MR. G. FILMON: Are the other limestone deposits that the department has delineated in the immediate area of Mafeking?

HON. W. PARASIUK: Yes, it is near Mafeking.

MR. G. FILMON: So at the moment, the Minister is hopeful that he would be able to convince some of the development companies to further process the lime in Manitoba, as opposed to exporting it across the border.

HON. W. PARASIUK: We're doing all we can to ensure that. In the case of Genstar, I think they have exported

lime from Manitoba for further processing, historically, but in new cases we're trying to promote as much as we can within Manitoba.

MR. CHAIRMAN: 3.(c)(1)—pass; 3.(c)(2)—pass.
3.(d)(1) - the Member for Turtle Mountain.

MR. B. RANSOM: I guess the question can relate to both parts of it. What's happening in this area, Mr. Chairman? I note there's a large reduction in the Other Expenditures area and I noted the Minister's interest earlier in developing seismic information in the oil area. I believe this one deals mostly with hardrock mining, but what sort of activity is going on there? What cutbacks have been made?

HON. W. PARASIUK: If you look at 2.(e) on the next page, you'll see that we were able to have some of that picked up on a federal-provincial basis. This is the first year and we're hoping that we would expand that as our capacity expands in the course of the next year, in accordance with the Federal-Provincial Agreement.

MR. B. RANSOM: Are there any staff reductions being made in this area?

MR. CHAIRMAN: 3.(d)(1)—pass; 3.(d)(2)—pass.
3.(e)(1) - the Member for Turtle Mountain.

MR. B. RANSOM: Maybe the Minister could just give us an indication of what's going on here. There's no item shown for last year and \$1,800,000 for this year.

HON. W. PARASIUK: What we have here is a Federal-Provincial Agreement under the ERDA framework. We have said that mining is very important to the longer-term future of Manitoba. It was one of our priorities. We indicated that there are a number of areas where we wanted to have some work done and we felt that this warranted federal involvement as well.

There are four areas of activity that we are, in a sense, increasing the prioritization of. One of these is geoscientific activities and we'll be doing Precambrian geological investigations, minerals investigations, geological surveys, geochemical surveys, inflational prospecting, geological compilation. The federal share on what you see here is the provincial amount for this year. You see \$1.88 million, but you're going to have a corresponding amount.

We're sharing it on the basis over a five-year period of \$14 million federal money and \$9 million provincial money, so this is our share. This is just net. In the past, in some of these other agreements, this is done on a gross basis but this is net because the feds are, in a sense, delivering direction or they would contract with us in particular cases, but it is not the shared-cost program. This reflects the Federal Government's new way of doing things.

The work is on the geoscientific activities, research and technology, which I think is an interesting area and this is mining technology and mine productivity. There's a lot of new type of activity being done with respect to geoscientific work and the President of Mineral Resources was commenting on some of the newer breakthroughs that they're achieving which I think augur

well for us in Manitoba. They're also doing work on mining technology and mine productivity because there is a structural change taking place within the mining industry worldwide, so it is important for us to be competitive. That means we have to improve our technology; we have to improve our productivity. We are doing some work in that respect and then there's work being done on ground control warning systems and exposure index.

We have work being done on the processing technology; some work being done on SO2 reduction, on milling research, on tailings research and on industrial minerals. Then we have the development studies. Those are with respect to particular ones and then we have, as is required in Federal-Provincial Agreements, a public information package that has to be put out.

MR. B. RANSOM: How much are the feds spending on it?

HON. W. PARASIUK: The feds are spending, on the public information side, this is a particular sub-set that we are required to cost share, \$1.25 million for the Federal Government that we are required to spend, the \$1.25 million as well, but I would expect that these would be more on the scientific publications that go directly to the industry and which we have done in the past. If you recall from your years as Minister of Mines, the department does put out a lot of very good technical background work which is the basis of a lot of work undertaken by the private companies. It provides a good base from which private companies take off.

MR. B. RANSOM: Is that \$2.5 million out of the \$14 million of the program?

HON. W. PARASIUK: \$2.5 million out of \$24.7 million dollars.

MR. B. RANSOM: Is the Minister certain that this includes the technical reports? I've seen some information from some of the other subagreements - I don't just recall exactly which one - but there were some extremely high figures for the Federal Government's public information aspect. A scientific report, simply reporting on what has been found, is usually not considered to be part of public information.

HON. W. PARASIUK: I can tell the member that on our side, what we spend will be primarily for the technical reports, since there is a type of direct delivery and we're matching these on a cost-sharing basis, a lot more of it might be spent on public information by the Federal Government, but we would rather have it going into the background technical reports because there certainly isn't . . . You're dealing with people within the industry who are quite knowledgeable. It's not a matter of having people get a much better understanding of home insulation and having 300,000 homeowners look at that very carefully in terms of what they might do. We don't have that many people in the industry and they're quite knowledgeable. What they're looking is specific pieces of technical information and that's what they provide them with.

MR. CHAIRMAN: 3.(e)(1)—pass; 3.(e)(2)—pass.
3.(f)(1) - the Member for Arthur.

MR. J. DOWNEY: Thank you, Mr. Chairman. I have a few comments and questions to make, Mr. Chairman, dealing with the Surface Rights Board and the recent action taken by the Premier and by the government.

Mr. Chairman, a little less than a week ago I asked the First Minister to substantiate or inform the House as to the status of some of the members on the board and the fact that I'd received information that the Minister of Energy and Resources, I guess it is, had proceeded to fire three individuals off the Surface Rights Board and then to give the reasoning that they had done so to expedite the activities of the board or to get on with the business of the board, to hurry up with hearing the work that had to be done when, in fact, the last meeting that the board had to my knowledge was in January.

I would have suggested probably that to have them meet and deal with some of the decisions which had to be made would have probably expedited the activities of the board rather than firing some of the individuals, and I asked the Minister, was it because of the conflict? Did the members on the board have a conflict? Why did he, last September, make the decision to select individuals and then this June give them their lay-off notice without, what I would say, a sound reasoning for it.

Mr. Chairman, I know that one individual in particular had been taken to court dealing with her dealings on the board. She was being accused of having a conflict of interest. I know in the first court process that she went through she was seen not to have a conflict of interest. The oil company, I believe, appealed that decision. What I ask the Minister now is, will the appeal be heard and will a decision be made so that we know for future cases? I know this individual as well, Mr. Chairman, has put a lot of money into her defense in the court process. Will the government be covering those costs for her? I know she took it in good faith and acting on behalf and doing a job for government has found herself now with, I would say, substantial legal costs. Is the government going to pay her for that or is it just goodbye? What is the government's intention dealing with that particular case?

I think the Minister should comment on that at this time.

HON. W. PARASIUK: Yes, the hearing, the appeal has been heard and a decision is pending. That is still taking place before the courts and is before the courts for judgment

A MEMBER: There will be a decision.

HON. W. PARASIUK: We are awaiting the decision.

As to the matter of court costs, my understanding is that this person decided to hire a lawyer for the original case at her own choosing, but the Surface Rights Board did have a lawyer who represented the Surface Rights Board and made the legal arguments on behalf of the Surface Rights Board. This person decided of her own choosing to have a lawyer.

At the appeal, the Surface Rights Board had a lawyer and this individual did not have a lawyer. Since this

person undertook to have a lawyer represent her at her own choosing, the government surely is not responsible for that type of decision on her part.

With respect to the people - I have informed the people that we had originally thought of having, in a sense, two boards going through there. We believe if there is one board, we can have the set of decisions that, I think, might have some consistency and coherence to them and I do want that board to get moving as quickly as possible.

I think there were some inaccuracies in media reports on this and the Surface Rights Board certainly has met since January as was erroneously reported in the newspapers. Maybe the Member for Arthur isn't aware that the Surface Rights Board has indeed met since January.

MR. J. DOWNEY: Mr. Chairman, then to get it clear on the record, I would ask the Minister to table for us the actual meetings that the Surface Board had - the dates. Information I received, I think, was fairly accurate that the last meeting dealing with the business of the board as far as the total membership of the board was concerned was last January. That was the major concern that people have and, that is, the actual actions.

I can tell you, Mr. Chairman, that the landowners in this community feel that they have been let down by the government. They feel that the government are somewhat leaning towards the interests of the oil companies rather than the landowners. The Minister can certainly say otherwise if he so wishes, but I know that there are many numbers of people waiting for the board to make a decision.

There are two basic areas of concern and one is in the setting up of the board. There was a backlog of decisions to be made. Rights of entries were deferred by the mining board waiting for the new board to be established and people were waiting, waiting, waiting, till the new board was established so a decision would be made - both the farmers and the oil companies. That's one of the major problems of the current hearings that are to be held so the oil industry can move ahead and so that farmers know where they're at.

The other one is some of the old problems that the oil industry and agriculture have had; some of the saltwater problems, some of the disposal wells, in general, old oil activity that is causing hardship on the farm community, that being mainly in the Virden area.

Now, what we have is a board that is, I would say, totally toward the south end of the area. They can probably deal with it - I'm sure they can. However, I would think it would be in the best interests of the operation of the board and the farm community to have representation from both communities. I ask the Minister, is he intending to leave the board at three members? Is he just going to leave the three members that are on there now? Is there going to be an expansion? What is the current status as far as the board is concerned?

HON. W. PARASIUK: I will undertake to get information as to dates of the board meetings. I understand there has been some 17 board meetings held since September which is less than a year; 17 board meetings is quite a few, but I will get that information for the member.

When he says that somehow the government has not responded to the needs, let me inform him that this government in less than two years established a Surface Rights Board; in less than two years passed the legislation. That had been a festering problem for some 30 years. So there were a lot of people in the past who didn't address it.

There were some attempts to address it back in '77 or '78 or '79. It was thought that maybe we should have a commission, but that did slow down the process. Soon after becoming Minister, there was a Nugent Report. We said to the local people that we would try and act on it. I couldn't guarantee that we would do it at that Session, but I said I expected we would get it through the following Session.

When we brought the legislation forward, we said that we are not trying to engrave any of these things in stone. We will try it on a trial and error basis to the best of our ability, using common sense.

What we want applied is common sense. I think to say that someone from one part of the area has more common sense or less common sense than another part, is wrong. I think that with a smaller group arranging their affairs so that they can have these meetings, getting the decisions under way, would be advantageous.

We will monitor the situation. If we are finding that there are difficulties in terms of having those meetings scheduled and getting the job done, because I think it is important to get those decisions under way, and if we feel that there is a need to add we would consider adding, but at this particular time I will wait and see and judge in the next number of months.

MR. J. DOWNEY: Mr. Chairman, I didn't make reference to whether or not people from one area or the other would have more common sense or wouldn't have. I indicated that probably for some of the older oil problems that there could be people with a little more knowledge of the situation from that particular area. That was the comment I made, and I still believe that, Mr. Chairman.

I ask the Minister, Mr. Chairman, in view of the fact that I believe - well, I will ask him - how many appeals or how many decisions are the board being asked to make? How many situations are the board now dealing with? What is the current backlog of hearings the board has to make and how many have they made during those 17 meetings?

HON. W. PARASIUK: I think there is an historic backlog over the last 30 years of some 271 applications, but there are six test cases before the board for variation of compensation, which I think is a very major breakthrough. I think it shows that maybe occasionally the public sector, government, does have to intervene to provide fairness and equity when the market never did, because a lot of good people in good faith find contracts which, in a sense, go on in perpetuity and that was unfair to them, but the oil companies did not unilaterally open up these contracts. So what some might call the heavy hand of government had to move in, I think lightly and judiciously, to provide for justice. So we have 271 cases that have to be dealt with and I am hoping that they will be dealt with as expeditiously as possible.

There are some 45 right-of-entry applications but at the same time - and this is a very good sign because we did expect the Surface Rights Board to be, in a sense, a board of last resort, or vehicle of last resort - there have been 224 leases or agreements registered since the Surface Rights Board has come into being, without the disputes. So it shows that the process can work. I think the process is coming along quite well if we have had 224 leases or agreements signed voluntarily by the parties knowing that if they ran into problems, ultimately couldn't agree, they could go to the Surface Rights Board. I think that's a pretty good performance all told in that area. So when people want to, in a sense, magnify some of the start-up problems that exist with an organization, they should take into account the fact that 224 leases or agreements have, indeed, been signed.

I think it is important for the Surface Rights Board to get on the right foot. They have had the opportunity now. Surely, the Surface rights Board, in oil activity and oil leases, will be around long after the honourable member and myself are gone from the scene. I would hope that this thing gets off to a good start and proceeds to operate on a good basis.

So we wish it the best of luck; we give it the best of help. We are hoping that over the course of the next year, we may find a situation where most if not all of that backlog from the past 30 years will have been dealt with by this time next year, and that we have a system whereby people don't have to resort to the Surface Rights Board almost as a board of first appeal because we will have a whole set of judgments in place and people can make some judgments as to how they are faring in their particular negotiations as against what the pattern of judgments of the Surface Rights Board is.

So I think that if we have a bit of patience - we have done a lot in two years and compared to the last 30 years, I think we need to give it just a bit more time and a bit more patience, a bit more good will, and I am hoping that by next year we will have most of these things cleared up, which will be quite an accomplishment.

MR. J. DOWNEY: Mr. Chairman, the Minister, I am somewhat surprised at his approach. He tries to leave the impression that these 271 have been hanging on for some 30 years. The Mining Board has been in place and making the kinds of decisions on right of entry, particularly the right of entry, which has not been held up and dragged on for some 30 years. The main old problems, Mr. Chairman, are from the saltwater problems, old well sites and old agreements, and I am sure that there aren't some 271 of them. I would think that the majority of the 271 are current problems that have developed.

For him to stand up and say that he has made a great move - Mr. Chairman, it was us that had the Nugent Commission Study put together, the guidelines for the legislation. We supported the legislation last year and we wanted to move on with getting the proper mechanism in place to deal with these problems.

The concern that I have is that the mechanism is in place, the legislation is in place, the board appointments were made, and yet nothing has been happening, Mr.

Chairman. There are people waiting for decisions to be made. The only action that this Minister has taken is to fire three of the people who were on the board without giving a proper public explanation. He is trying to lead us to believe that he had it planned to have two boards operating and so that it operated properly, he now got rid of half of the members. Could they all not sit and make judgment on the decisions? Was that what the problem was?

I think he is very unfair and has been very harsh to these three people who have now been given the axe, Mr. Chairman. I don't believe that was the problem at all. I think if they'd had their meetings, if they had made their decisions, brought the people before it and listened to their cases and a decision made, get on with business.

But something has been holding up the process. Has it been those three people? Is that the reason why? Will it operate smoothly now that he has those three people out of the road? Is that what the problem has been, Mr. Chairman? I am really trying to find out what has been the holdup. Now that that he has made the move that he's made, will it speed up the process? Can I go back to my constituency and say the Minister has made the move of removing three people from the board, the actions of the board will now speed up, and by this fall we will have all the decisions made?

For him to stand here and say 224 went through, the agreement between the farmer and the oil company went through without any difficulty, that is nothing new, Mr. Chairman. The oil drilling has been proceeding and going on because actually under the old system they couldn't stop the oil company from coming onto the property. They couldn't stop them. The Mining Board automatically gave the oil company the right of entry.

So a lot of people have signed, they want to see the actions of the oil development take place, but they want it done fairly, Mr. Chairman. I know that the oil companies are anxious to have decisions made because I know it is holding up some of the activity. I know the landowners are anxious to see decisions made because it means their livelihood, what they are going to get as far as the returns from drilling sites. I would hope, Mr. Chairman, that the Minister would make a little more clarifying statement, that he would say we replaced or we removed these three people because - I don't know why - a justifiable reason, and I wish he would stand and say so.

I am not happy that the individual who has acted on government business really is now being left - and the Minister indicated that she had made the decision to hire a lawyer on her own - I am not so sure that she was satisfied with the Surface Rights Board lawyer; she must not have been. But I'm sure that the Minister would have had a little better understanding, and an agreement with her, or there must be some clear policy as to protecting individuals when they're in that position acting on behalf of the government because let me tell you, we all know as individuals in society that you don't take on oil companies - that you aren't taking on a pretty big customer and it costs money to do so.

I would hope for the members that are still sitting on the board, what about them? Are they sufficiently protected in making decisions in future actions? Are they in a position where they could as well, be challenged by oil companies on decisions that they're

making? I want that stated and stated very clearly, Mr. Chairman, because I don't think any one of those individuals who are on the board are going to put their own financial beings on the line, or financing of their own situations.

Where are we at? I don't think this Minister's really taken hold, Mr. Chairman, and taken a look at this whole Surface Rights system. I think he's been playing politics with it, I don't think he's been serious about it. I would ask him, Mr. Chairman, to tell us why he replaced those three people and why there haven't been more decisions made, and why the whole thing has broken down the way in which it has? Why is it in the shambles, Mr. Chairman, if it isn't his inability to run the whole department that he's responsible for?

HON. W. PARASIUK: Mr. Chairman, I'm surprised and astounded at how ill-informed the member is. To begin with, it is stated very clearly in the act that members are indemnified in the act; so they are not liable. It's clearly stated in the act.

Secondly, when he says that somehow the variations for compensation, the 271 backlog cases, could have been dealt with by the Mining Board in the past, that is completely and totally incorrect, totally and completely incorrect. There was no power within the legislation for the Mining Board to make any of those variations, that's why they were never ever made.

A MEMBER: Keep it straight.

HON. W. PARASIUK: Well, no I am, I'm providing the straight information on this. — (Interjection) — Well I'm surprised; I've been postured on this. Sometimes people posture without getting the facts straight.

The final case with respect to the time delays. There have been legal challenges by parties in this matter. Those legal challenges have been taken through the court system, that causes delays. To blame the board for legal challenges is completely wrong. The case has been heard, we're awaiting a judgment. I indicated previously the judgment I made with respect to the board, I will not, I think it's wrong to pass comment on this board member or that board member. That is a function of government to appoint, and then to disappoint, and I do not call that firing.

Those are made in the judgments of time, and I thank those people for the contribution they make and I hope the three that are there will be able to proceed. I hope we don't have a whole set of court challenges that might be used as delaying tactics. I'm hoping now, and I'm not saying now, I'm hoping that we've had the case being heard, we're awaiting a decision, hoping that there will be a number of judgments made and that we will be able to act as expeditiously as possible.

That's what I told the various people that I met with, and I did meet in the past with the Surface Rights Association. I have talked with local people; I have talked with others, and I'm hoping that the procedure will go on in an expeditious way. I do believe that we have come a long way in the last two years, if one looks at the whole history of what existed since the early '50's. I believe we've achieved some major breakthroughs that people should be thankful for. People who are locked into unfair contracts, in a sense forever, now

have the opportunity of getting some social justice, some economic justice. I think that's a good thing, I think that's a very good thing for them. It did require the government intervening to provide for that. I do acknowledge that there was support on both sides of the House for that type of intervention in terms of breaking a private contract. It's one of the few times when in a sense private contracts have been broken by the government, but both sides of the House felt that those contracts in the past have been negotiated unfairly, or over time were unfair.

We are all going to try and do it, and I can appreciate if the member says he has concern, he wants to make sure it works better, I want to make sure it works better. We're certainly on the same side of the fence on that. When he says people are being changed for political reasons, again, that is completely and totally untrue and unfair.

You know I was looking at newspaper comments where people who are accused of being left on for political reasons are saying that they are members of the Progressive Conservative Party. I'm not sure if we checked with that individual when those statements were made, those comments were made. He has a lot of municipal experience; he has to make judgments; he is the Mayor of your community. I did not say "political." That accusation came from the other side. I think it's unfair to those people who are on the board and who were on the board. It's not done for any type of political reasons.

MR. J. DOWNEY: Well, Mr. Chairman, seeing as the Minister mentioned it, I made it very clear in my comments to the Press, even though it wasn't reported as such, that the one individual who he refers to, and that's the Mayor of the Town of Melita was not, in my estimation, sympathetic to the present government, that in fact I knew that he wasn't. I was asked prior to the appointment of the individual by the Minister, and I indicated that he'd probably work very well on the board, but the other two individuals, Mr. Chairman, are political. They are political, one of them is a former candidate for the New Democratic Party, Mr. Chairman; the other one is a known contributor, Mr. Chairman, to the New Democratic Party.

Well, Mr. Chairman, so it is political, two members are political and I say this in — (Interjection) — Well, Mr. Chairman, no. They removed the three people from the Virden area. They left one known person who is not a New Democratic Party, and two who are known NDP. I have nothing against those individuals. In fact, Mr. Chairman, I know them quite well, I consider them friends. They have their political affiliation, I have mine, and I hold nothing against them, Mr. Chairman, because of whom they're associated with politically. I have friends who are Liberals, and New Democrats. They do a job in their community. The Minister appointed them - fine. But as I indicated, it appeared to be very much a political action by the Minister.

However, let that be as it is, I will suggest that the Minister is being judged very carefully by all people in that area because of actions that he has taken. I suggest that the actions of the board, the decisions, and the expedience of that board is going to be watched very carefully, and he may find he may have to make other

moves, Mr. Chairman. He may have to make other moves to straighten out the situation if it doesn't work as he's now suggesting that it should; he's the one, Mr. Chairman, that is being judged by the community in the south and western part of the province in the oil industry. It is he, Mr. Chairman, who has to justify his actions. He will be watched very carefully, I suggest, Mr. Chairman, because of the importance of a good relationship between the farm community and the oil industry, that everything be done to make it work effectively and in the best interests of both. It's a difficult job that he has. I don't believe, Mr. Chairman, that he has gone about it the right way. However, he has taken an action and we will wait and see, we'll give him a month or two to see how the process is working and then we'll be prepared, Mr. Chairman, to make our criticism at that particular time.

HON. W. PARASIUK: Mr. Chairman, I can accept the latter part of the comments of the Member for Arthur. Sure, I'm responsible, ultimately. People can make judgments about what's happening in the oil industry, what the relationship is between the oil industry and municipalities; whether, in fact, age-old problems are being dealt with; whether, in fact, age-old problems that have been left to fester for many many years will, in fact, be dealt with.

I say we've come a long way within the last two years, but we'll be judged over the course of the next three months, six months, nine months as to how it will proceed and, ultimately, I acknowledge that I am accountable for that. So that part I accept. The first part I don't.

I think it is really quite wrong, quite unfair - I would get a bit more hyperbolic than that but I decided not to - to say that someone who says that he is a Progressive Conservative is not a political person, but to say that anyone who has had any involvement with the New Democratic Party in the past somehow is. That's what the person said, he said, you know the person from Melita isn't political, but the other two are. Well, that's complete nonsense.

You pick people on their ability and their experience, what experience they've had, whether in fact they'll work out or not. We pick people and we hope that they will exercise their best judgment without reference to whether they are New Democrat, or Conservative, or what have you. I never raised or introduced anything about anyone's politics with respect to board appointments and using their best judgments. Those, unfortunately were raised by members - at least someone, or maybe misinterpreted through the press on the other side - because I have faith in those people exercising their judgment and I hope they exercise their best judgment.

It is a difficult task, it is hard being Solomon, and I hope they exercise that task to the best of their abilities, and we will judge, over the next few months, as to how well that's done.

MR. DEPUTY CHAIRMAN, H. Harapiak: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, a final question to the Minister. For what reason did he remove the three people off the Surface Rights Board that he removed?

HON. W. PARASIUK: Mr. Chairman, I answered that question earlier in my presentation of Estimates.

MR. DEPUTY CHAIRMAN: 3.(e)(2)—pass; 3.(f)(1)—pass; 3.(f)(2)—pass.

Resolution 65: Resolved that there be granted to Her Majesty a sum not exceeding \$6,346,400 for Energy and Mines for the fiscal year ending the 31st day of March, 1985—pass.

4.(a) Expenditures Related to Capital Assets - the Member for Arthur.

MR. J. DOWNEY: What is this being spent on, Mr. Chairman?

HON. W. PARASIUK: These are being spent on a lot of energy conservation projects that I went through this afternoon when I discussed Item 2.(c). I indicated a whole set of areas in relation to Enerschool, the Arena, RetroFit, Community Recreation RetroFit, the Home Demonstration Projects, those types of projects on this. This is one area where, unlike the mineral agreement, this is being shown on a gross basis because it is a fully cost-shared program and \$953,000 is Recoverable from the Federal Government.

MR. DEPUTY CHAIRMAN: 4.(a)—pass.

Resolution 66: Resolved that there be granted to Her Majesty a sum not exceeding \$1,906,600 for Energy and Mines for the fiscal year ending the 31st day of March, 1985—pass.

The only item we have left to discuss is 1.(a) Minister's Salary. We will ask staff if they would take leave.

The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, it's just a matter of making a general comment that a lot of the Minister has given, I think, less than a desirable amount of information in a lot of the activities that he's carried out. I think, particularly in dealing with - and I made reference earlier - the development of pipeline, some of the lack of public information, or the informational-type hearings that were needed, as far as the activities that he's carried out on the Surface Rights Board, some of the negotiations that are taking place. Some of the energy agreements, I think, in my estimation are somewhat less than desirable as far as providing this Legislature with the kind of detail that I think is important, particularly when he's committing resources of the people of Manitoba into long-term agreements.

I think that we want to be extremely cautious and make sure that there is full disclosure of all details and that they are understood. I think it is extremely important, Mr. Chairman, in the time of what I would consider energy shortages, or we've gone through what appeared to be an extremely serious energy shortage period, where all details are fully disclosed and understood by all the people of Manitoba. It is not, Mr. Chairman, an area where he should be playing politics, and if he were, if he does, he will reap the kind of reward that is not in the interests of Manitoba.

I think it is incumbent upon him to fully and honestly give as much detail and as much information as possible, because I do believe that the resources that we have have to be dealt with in a very serious and

competent manner. I'm not sure, Mr. Chairman, that this Minister is capable of doing that.

MR. DEPUTY CHAIRMAN: The Member for Niakwa.

MR. A. KOVNATS: Thank you, Mr. Chairman. First of all, I'll apologize to the Honourable Minister for not being here this afternoon and the department or the part that I wanted to ask, I'm not sure whether it's been asked or not asked, but if the Honourable Minister has answered I'm sure that he will state whether he has answered immediately. It's not going to be of a technical nature that I'm going to bring it up.

I had received a call from an instructor over at Red River College and I was advised that some of the classes were going to be reduced and that funding over at Red River College - it all leads into energy so don't anticipate that I'm out of order - but I was advised that these classes were going to be cut back because of lack of funding and that other departments, other industry would pick up the slack.

Can the Honourable Minister advise whether there's been any discussion with the Department of Education wherein the Department of Energy will be picking up the slack and helping to train people in the energy field in the future?

HON. W. PARASIUK: I would have to take that question as notice. It's a bit unusual for it to be raised during the discussion of Minister's Salary, but I certainly would take it as notice and check it out and get back to the member directly.

MR. A. KOVNATS: Thank you very much. I wasn't trying to embarrass the Minister. I really want to know so that I can advise these people at Red River College and some of the other colleges why their funding is being cut back and what is going to happen through industry picking up the slack.

I have another couple of questions and they're not of technical basis, but I want to know from the Honourable Minister if he can advise whether the development of hydrogen power has taken place in the province over the last year since the last time that I spoke to him. Can he bring me up to date on whether we've spent any money any time on the development of hydrogen power?

HON. W. PARASIUK: Mr. Chairman, this was discussed in the Estimates this afternoon. I would ask the member to look at Hansard and if he has further questions to deal with me directly on it, and I would certainly deal with him. I know he's had an interest in it and so do I. We are making progress.

MR. A. KOVNATS: I can accept that. Again, I'm not trying to embarrass the Minister, I'm really looking for answers.

One other question concerning the development of ammonia out of hydrogen out of water energy. Can the Honourable Minister bring me up-to-date on the development of ammonia in that regard? Was that asked also?

HON. W. PARASIUK: But they both are related in that we have been looking at hydrogen as a feed stock.

People look at it two ways. You can look at it as a fuel; you can look at it as a feed stock. It would appear that the economics of using hydrogen as a feed stock in the production of ammonia and other chemicals is probably a bit better than using hydrogen as a fuel. So that's been encouraging and we hope to do further work on that over the course of the next year.

MR. F. FILMON: Mr. Chairman, I wonder if I could ask the Minister - with respect to the proposed Alcoa smelter, was it the request of the Aluminum Company of America that the Manitoba Government take a 50 percent interest in the equity in the smelter?

HON. W. PARASIUK: The subject arose and I can't say what the exact genesis of it was, because when one talks about trying to establish longer-term security you look at different mechanisms of doing that. How do you have peoples' interest being into the good operation of a facility over a period of time? We started looking at the economics when that subject arose and I can't exactly say what the genesis was. Obviously, we're not against it. We may have proposed it first, I can't say specifically, because these things arise in the course of discussions.

I don't know, for example, and I asked people questions as to how the notion of the province holding 25 to 40 percent of a potash mine arose and I didn't get a very clear answer as to how those arose in discussions of the previous government. Certainly, that subject did arise. There are some very good points from a provincial perspective and it's something that we are pursuing.

MR. G. FILMON: Would the Aluminum Company of America be pursuing the establishment of a smelter in Manitoba without a provincial participation to the extent of 50 percent of the equity?

HON. W. PARASIUK: I'm not sure that people there have been different aluminum companies looking at possible joint ventures. They themselves have been coming forward talking about joint venture possibilities. Their homework hasn't been done to the point that Alcoa's has. I can't make that type of judgment. All I can say is that if an aluminum smelter makes sense and if the numbers indicate that an aluminum smelter, given our comparative advantages - because we have a number of them, and we also have some disadvantages with respect to transportation - but if it shows that an aluminum smelter makes business sense then I think it would be a good thing for the people of Manitoba to have a share of that particular venture that could provide value-added to electricity in Manitoba, provide jobs and at the same time, provide wealth and keep wealth in the province for recirculation within the province.

That's one way of maximizing the benefits from our resource development in a way that ties us to the latest technology in the world and, at the same time, keeps more of the wealth within the province to be reinvested within the province, hopefully, for other resource or other economic activity. In that way, I think, we can add to the long-term betterment and economic well-being of the province.

MR. G. FILMON: Mr. Chairman, given that governments have requirements to invest capital in facilities that they alone have control over and responsibility for - I'm thinking in terms of health care institutions; I'm thinking in terms of infrastructure such as highways, such as electrical transmission and distribution systems, such as water supply systems, such as all sorts of things - given that there are tremendous demands on the capital available for governments into public works, why would the Minister choose to utilize that scarce capital to invest in a project that somebody else may well be interested in investing in that involves some risk, that involves some competitive advantages and disadvantages on a worldwide market? Why would the government choose to take that risk and to utilize available capital that is being called upon for so many other social and public service purposes on perhaps an investment that carries some risk to it such as an aluminum smelter?

HON. W. PARASIUK: Well, we have had some very good discussions with financial institutions in Canada, in North America, and around the world. They seem to think that it could be a very very good investment for Manitoba. They are of the opinion this could be an excellent investment. They believe that it is a self-sustaining investment. It is one that will make a lot of returns for the people of Manitoba and we have confidence in Manitoba. We believe that we do have a good comparative advantage because we have a publicly owned hydro system that can provide power at very very competitive rates, virtually the best rates in the non-communist, industrialized world. That will provide a good comparative advantage for an energy-intensive industry, if we could overcome the comparative disadvantage of transportation.

So, in that sense, if the numbers work out, it is a superb deal for Manitoba. It is a very good long-run deal for Manitoba. We, in fact, will be able to translate this cheaply priced electricity in Manitoba to value-added, to jobs and to a good return of wealth and benefits to the Province of Manitoba. The investors right around the world are telling us that this is an excellent deal, if the numbers make sense with respect to the business viability and that's what the feasibility study is looking into.

Why wouldn't we have confidence in Manitoba? Why wouldn't we want to maximize the returns from that resource development for reinvestment, to keep in Manitoba, to increase and possibly to lessen the requirements that we might have for capital for other non-self-sustaining reasons. We admit and we acknowledge that we have to be careful with all types of investments, but there are different categories.

There are limits to what investors are willing to provide with respect to non-sustaining debt. That's the area of certain types of capital regarding highways and other types of debt, but there are other types that are self-sustaining and one that looks on the quality of that particular type of investment.

When investors look at our hydro potential and the capability that it has and the fact that these dams may last for hundreds of years, they are very very excited because they realize that we have tremendous wealth in Manitoba. It's a matter of ensuring that those

resources are developed in such a way that we can keep those rates low in Manitoba, have the maximum spin-off development in Manitoba, and have reinvestment in Manitoba for the betterment of Manitoba over the long run.

We believe that that is a very sound and rational way in which to do development. We believe that if an aluminum development makes sense, it will pay for its fair share of the hydro that it consumes out of the Manitoba hydro-electric system, that the people of Manitoba can make a very good return on their publicly-owned hydro system and help pay for those dams, pay for the costs and, at the same time, retain the ongoing ownership of those dams which will last really for hundreds of years and 10, 20, 30, 40 years from now will be worth so much more than they are worth today.

Now isn't that wonderful that the people of Manitoba have that tremendous resource and that it's theirs? We think that's wonderful and we want to keep that resource in Manitoba. We want to keep it owned publicly in Manitoba and we want to keep it owned publicly in Manitoba and we want to keep those assets owned publicly. We believe that the people of Manitoba want that as well, and we believe that when it comes to self-sustaining good investments that might come along like an aluminum smelter, when numbers make sense, we are prepared to take a position on it. We'll look at that with potash; we'll look at it with others.

At the same time, we believe - and we've said this consistently - that we believe it is possible to do good joint ventures with the private sector. We have said consistently that we can tap people's skills and resources and yet, at the same time, maximize returns and benefits for the people of Manitoba. We were told in the past that no companies would want to deal with us; that we couldn't arrange these deals; that we couldn't get them. We couldn't get these deals unless we sold them a power dam or a portion of a power dam. We said that there's another way, that we would try the other way and see if it could work because we believed that it would. I think we've been very successful in showing that the New Democratic Party way works.

Now the Conservatives legitimately and validly can claim that is not their way, that they would proceed another way, and that is their right. There is a clear difference between how the two would develop the birthright of Manitoba's natural resources. Our approach is to try and keep the wealth from those resources circulating in Manitoba for the future benefit of Manitobans. We don't shy away from saying that is the approach that we take; we don't shy away from saying that we have confidence in our institutions in Manitoba to ensure that; we don't shy away from saying that we have confidence in Manitoba's future.

In fact, when you start looking at Manitoba's future into the long term - and that's what one has to do in looking at energy developments - you have to look 25, 35, 40 years ahead and it's difficult because it's more difficult to predict at that time, but we are talking about a renewable resource, we're talking about a renewable resource in comparison to the rest of the world's non-renewable resources. So we have nowhere to go but up, if we only have the will and the courage and the capacity to achieve those objectives, and we on this side believe we do have that.

MR. G. FILMON: Mr. Chairman, I'm not sure whether or not the Minister was listening to the question that

I asked, or whether he was anticipating my further line of questioning, or whether he didn't understand it. I wasn't asking about an investment in a hydro-electric plant which may last hundreds of years on the Nelson River and a resource to Manitobans and all that. We may get to that and he may have to replay his record again because he obviously has his sales pitch down and wanted to use the whole 10-minute sales pitch, but what I really am after is in reference to the investment of \$350 million in a half interest in an aluminum smelter.

If it's such a good investment, as he started out to say, why would the Aluminum Company of America not be willing to invest in the entire 100 percent of the plant itself?

MR. CHAIRMAN, P. EYLER: Mr. Minister.

HON. W. PARASIUK: We believe, and we have just heard, that we can get a good return for our investment and we want to get a good return on our investment. There's nothing wrong for Manitoba gaining a return for resource development or value added to energy in Manitoba. Why not? Why not have Manitobans make wealth and money from the resources? I would have thought that was a way to proceed.

We believe that's an approach that makes sense and we have had companies come forward saying that they are concerned about long-term security, they don't want the rules changed. We have said, look, if we are joint partners it is in our interest and your interest to make sure that this works and works well. And I believe that has dealt with anyone's concerns about long-term security without having to, in the process, sell off a portion of a hydro dam that in 25 years might be worth millions of dollars more than it is today, and that would be a direct transfer of wealth, without risk, from the people of Manitoba to a private company.

We don't think we have to do that, we think that is wrong and we said that was wrong before the last election; we clearly stated that. We ran on that and we won the election. We won it by being very substantive and not playing politics, and we will have the opportunity. I remember the Member for Arthur was saying that we are playing politics with development proposals and projects in the middle of our term, providing information to the people. Are we making announcements on the death days in election, as the previous government did?

A MEMBER: Yes, you are.

HON. W. PARASIUK: Not at all.

A MEMBER: You're dead and you just don't recognize it.

HON. W. PARASIUK: Who made announcements during a campaign? I can recall the worst one of course was the one made on a Saturday night before the election when somehow there was this big announcement that Concordia would get a new storey or two storeys or three storeys, on a Saturday night at the old barn dance. Playing politics with announcements, Mr. Chairman, they know of what they

speak. But on this side we came forward, we presented the information, it is there for the public to look at.

Take a look at what information was provided by the Conservatives in the past. Have we ever seen the Western Grid document? Did we ever see all the documents pertaining to Alcan? We never saw those. They had a Letter of Understanding but they had some other agreements involved, some of which contradicted each other; some of which said, well it doesn't make any difference if Alcan owns part of a hydro dam because we could increase the water rental rates; and the Western Power Grid Agreement says that the water power rates can only be agreed to by a board consisting of people from Manitoba, Saskatchewan and Alberta. Isn't that an interesting type of contradiction that exists there; isn't that an interesting thing that exists as a contradiction? No, it never said that and that's the thing about the opposition, they want to spend all of their time talking about the past, about a number of the things that they did not do.

We are going to talk to the people about the things we are doing and the things that will happen to the people of Manitoba; and certainly, when the appropriate time comes, the people of Manitoba can make those judgments, as the Member for Arthur said, and that's part of the political process. We'll put forward our particular approach to development. We think it is fair; we think it is sensible; we think it makes sense both today and in the future because these assets, which will appreciate in value tremendously - indeed, the Governor of Wisconsin, when they were in the middle of their discussion on acid rain, right in the middle of a conflict, one Governor versus another Governor, knowing full well that the costs of scrubbers and the costs of coal are going to go up and they've got a lot of problems said, I wish we could all buy Manitoba power. Of course, they can't; it's limited. That's a very valuable resource, and the water will run. The water will run forever and we have a number of dams that we can build there and we believe that those assets will increase in value tremendously. They will be owned by the people of Manitoba; they will provide benefits for the people of Manitoba for today, and virtually into all ages.

MR. G. FILMON: Mr. Chairman, if the Minister insists on filibustering his own salary, we can stay here for hours and days. I'm happy to listen to his philosophical diatribe. We, on this side, don't need lectures about the water running down the Nelson River, or the attributes of hydro-electric development, the Conservative Government that started it in the sixties, the Conservative Government that developed it.

When I worked on the Nelson River for Manitoba Hydro in the mid-60's, there was a Conservative Government in power. We were doing the preliminary surveys for the projects that this Minister has now just learned about during the past few years. We knew about those things, and Conservative governments and politicians have had a great deal to do with setting the priorities and the future development interest of Manitoba Hydro and talked with utilities all over North America before this Minister even found out about hydro-electric energy. So we don't need to listen to his lectures.

Mr. Chairman, what we do need to do is to have this Minister stop all of his posturing, all of his political philosophizing and get down to some answers. We know about his morality, we know about how he deals in a public sense, as he wanted to talk to us, about playing politics, about these mega projects and major resource developments. We know what kinds of games he played during the 1981 election campaign where he preyed upon the fears and the concerns of the physically disabled in this province, where he brought the handicapped out and utilized them for crass political purposes to try and put across his sleazy philosophies, Mr. Chairman. We know about his morals and his tactics and what he will stoop to in a political sense, so we need no lectures about playing politics.

But if I can ever get this Minister down to some reality, Mr. Chairman, I would like him to get back on to the topic about which we are speaking, and I want an answer from him. The question that I want to ask him, Mr. Chairman, very simply is the same question I have now posed twice and he has refused to answer, and that is, would Alcoa come here if they had to pay 100 percent of the capital costs and own the smelter 100 percent themselves?

HON. W. PARASIUK: Mr. Chairman, I don't go around when we are negotiating, saying, will you come here if you pay 100 percent of the capital costs? I try and negotiate something that is best for Manitoba. That's what we are doing. This person across the way seems to want us to negotiate something that is best for the other side. Well, they can negotiate their deals; we will negotiate our deals for the benefit of Manitoba. If they are saying that they have a difference in approach and we say we have our approach, that's fine, we are prepared to acknowledge what those differences are. If people want to go on and debate that for a long time, fine, but there is a difference in approach.

We have said that we believe it is in Manitoba's best interests to have a share in an aluminum smelter if the numbers show that is a business proposition and that's what the feasibility study is doing. I am not going to try and go around negotiating away something which we think is very good for the long-term future of Manitoba.

We don't go around saying we have power, you come in at whatever terms you want. We come along saying we have power, we think there is a good comparative advantage and we think that there are these good possibilities, and let us look at them and see if they make sense. That's the approach that we are going to take with respect to our resources.

The member has indicated that there are differences and that's fair enough. I believe that we will let the electorate judge between those differences.

MR. G. FILMON: Mr. Chairman, I haven't indicated any differences. I am just trying to find out a simple fact. The Minister has given us reams and reams of justification as to why he thinks it is a wonderful thing to invest in 50 percent of an aluminum smelter. If it is such a good deal, why wouldn't Alcoa invest in the smelter totally themselves?

HON. W. PARASIUK: They might. I never went to IMC and said, would you invest 100 percent in a potash

development if we somehow took away a conservative indication that they would invest 25 to 40 percent in a potash mine? People weren't raising those types of questions. The previous government thought it made sense for them to have an investment in a potash mine in Manitoba. The interesting thing is that there has been no potash development in the world apart from New Brunswick which is right beside ports. We are looking at the future and there will be some very interesting possibilities. We have a happy situation now of having two potential mine sites. We do have the possibility of taking an interest in it and if they make economic sense . . .

MR. G. FILMON: Try and stay with the Alcoa.

HON. W. PARASIUK: Well, no, I am talking about the question of public investment. The leader of the Conservative Party is conveniently forgetting what position what his own government took with respect to potash development.

The point about this is that we believe that this does make eminent sense from a provincial perspective. We are indeed proceeding on a course of action which we think will provide tremendous returns to the people of Manitoba over the next 15, 20, 25, 30 years. We believe that we are at an important time in our history and we believe that we can accomplish a number of these objectives in a way that will provide the greatest return to the people of Manitoba. That surely should be the objective of government and people in this Legislature; providing the greatest return to the people of Manitoba.

A MEMBER: Which deal would Lougheed rather have, the one you negotiated or the one we negotiated with NSP? Tell us that.

MR. G. FILMON: We will see when you get to the National Energy Board, my friend, which deal he would rather have had. When the facts come out on the table, Mr. Chairman, we'll see.

Mr. Chairman, the interesting thing about the parallel that the Minister is trying to portray, is that he fails to recognize that in the case of the potash development the Crown owns mineral rights and the Crown already has a vested interest in the development of the potash. We own nothing in terms of the smelter. We don't own the technology; we don't own the feed stock; we don't own anything with respect to the smelter. This, Mr. Chairman, is a commercial decision to make an investment in something of which we have no part at the moment. We have no part, Mr. Chairman, so there isn't a parallel situation. But if it is such a good deal, Mr. Chairman, why won't Alcan invest 100 percent themselves to develop it? Why do they have to have the Manitoba Government as a 50 percent partner in order to make the deal viable?

HON. W. PARASIUK: I think we had a Freudian slip on the part of the Leader of the Opposition. He said why won't Alcan invest 100 percent.

MR. G. FILMON: Alcoa.

HON. W. PARASIUK: Alcan, of course, said they would invest 100 percent. If in fact they had the real wealth,

if they got a portion of a hydro dam because that is where the real wealth lies. They were quite shrewd; they were quite smart; they were dealing with a very weak government. Here we have a situation where anyone knows right now, everyone knows that the hydro is the famous key, that the hydro resource is critical, that it's key, and everyone comes to us saying that they would like to own the hydro resource. They all say they want to own the hydro resource.

We say that we will keep the resource in Manitoba, when the leader of the Conservative Party was on record as saying that the only way in which we can have a development is to sell off a share of a hydro dam to an aluminum company. He has been proved totally wrong.

We are saying that we can have a development if the numbers work out, if the feasibility study works out, whereby we can have retained ownership of something which will create wealth, literally for decades if not hundreds of years, all of that owned by people of Manitoba. At the same time we can have a share in a smelter which may last for a 30, 40, 50 year period of time. We will pay for it up front without any obligation to buy it down the line at then market value which was the situation that the previous government talked about. That was a secret agreement that they did not table, that there was an agreement whereby the Manitoba Government would buy the aluminum smelter if they could not agree on the on water rental rates that they had, that Manitoba had to buy the smelter, would have to buy the dam, at what price? If you look at the situation in Saskatchewan, what happened in Saskatchewan where Hudson Bay Mining and Smelting paid \$10 million for a dam in the Province of Saskatchewan? Some years later they had to pay \$68 million for a plant that was paid off many times. That is a difference in approach, understood?

What we say clearly on this side is that we do not have to sell off a hydro resource or a portion of hydro resource, in order to have economic development in Manitoba. We say that quite clearly, very clearly, and the other side said you have to. We've shown that isn't the case. We'll work out the numbers. Fine. We have the opportunity over the course of the next year determining whether those numbers are there. That's right. We have done that; we are doing that. In fact, the interesting thing is — (Interjection) — the Member for Turtle Mountain says, come clean.

Did he table the secret agreement between Manitoba and Alcan on the return sale of power? No. Did he do that? No, he never. We've provided an agreement, you've got an agreement. We said last week, you want to meet on Friday and Saturday, we'll meet on Friday and Saturday to go over it. We'll go over it this week. We could have given you the first briefing; we weren't going to wrap up those committee meetings, and you know that.

A MEMBER: Give us the information.

HON. W. PARASIUK: You've got a whole agreement in front of you.

A MEMBER: We asked for information.

HON. W. PARASIUK: You'll be getting it. I've been sitting in the House right through.

A MEMBER: We're talking to you about Alcoa.

HON. W. PARASIUK: We are talking about development. There is a Letter of Understanding that you have an agreement that you tabled and you tabled the agreement.

A MEMBER: We tabled all sorts of things including

HON. W. PARASIUK: Aha, aha. It's one thing, it's like playing blackjack, they table the cards that are up but they don't table the cards that are down. A down card was the fact that Manitoba had to buy back the whole smelter, had to buy the smelter from Alcan if they could not agree on price of water rentals in the future; that was never tabled, and their advisors argued against that position. That agreement was reached despite the advice of their technical people politically, and that was never tabled. Your own lawyers were negotiating something different, very different.

So if you want to talk about what's happening, we tabled the Letter of Understanding and we said that we would seek to try and reach an agreement by the fiscal year ending March 31, 1985. If we do have something, that'll be made public and shown to the public, all of it, no hidden caveats.

A MEMBER: Too late . . .

HON. W. PARASIUK: They say too late. Was it too late when they made an agreement to sell a dam, or a portion of a dam to Alcan, to buy it back at market value in 35 years? When they made agreements regarding the Western Grid, waved a piece of paper - not even waved a piece of paper - called a Press Conference during a campaign, spent \$650,000 of taxpayers' money on advertising, tying this with ads paid for by the Progressive Conservative Party where the Premier would go on and say, well this ad is paid for by us, it's one of \$600,000 worth but this one is paid for by us, and I will make this speech telling everyone how we're sitting on a gold mine, and all these wonderful things are happening? It led people to go out - and they told me this in Balmoral - and subdivide land in anticipation because they were told it was a sure thing by government advertising, taxpayer-paid advertising, before the event.

We have said that we will bring forward these agreements; we will table them when they are done. People can look at them. People can assess them, they can analyze.

This goes before the National Energy Board, they will have the opportunity there, and we will determine whether it makes sense. We believe it makes great sense for the people of Manitoba. We believe it makes great sense to have jobs but at the same time to make a profit from our sale, and there's nothing wrong with that. That produces more wealth in Manitoba, for Manitoba. Why should we transfer wealth out of Manitoba to neighbouring provinces by selling something at cost, or lower?

This former government, the Conservative Government, was prepared to do that for 25 years. They said clearly that they cannot make a profit for 25

years, and after 25 years if there was any benefit that happened way before that, they could only claim a certain amount. Compare that to a projected \$1.7 billion over 12 years compared to zero or possibly less over 25 years with respect to a sale of much more electricity.

Were we going to get oil and natural gas cheaper from Alberta? Were we going to get it at cost from Alberta or Saskatchewan? No. The people of Manitoba were going to pay the going price which wasn't related to cost and isn't related to cost for hydrocarbons while we were going to sell our birthright at cost, or possibly lower, for a guaranteed period of 25 years. That is the difference. Was that tabled so that everyone could come clean on that during an election campaign? No.

But a lot of money was spent on advertising; a lot of public money was spent on advertising. The interesting thing is that the people who were doing the advertising were flying in from Toronto because they were also writing speeches for the then Premier of the Conservative Party. The advertising was supposed to be for industrial benefits. Bringing in people — (Interjection) — the fellow was named Scott? Paid a pretty penny for that.

A MEMBER: Ron Scott?

HON. W. PARASIUK: No relation at all. Used to work in the Premier's office before that.

So when we want to talk about laying the cards on the table, ours are there for the public to look at, for the National Energy Board to look at. We will defend ourselves and take it forward before the National Energy Board.

It's going to be interesting to see the position of the Conservative Party. Are they going to be trying to negotiate for other parties? Do they want to say we should know, we should sell this at cost to Alberta when we have the option of making \$1.7 billion over a shorter period of time with less hydro? Is that what they're going to do? Is that the position that they are staking out, that they want to defend Manitoba, in a sense, subsidizing great possibilities when we have an opportunity of making a very good return for the people of Manitoba for development? It's an interesting position that they have to deal with.

We are pleased that we are able to accomplish profit and jobs. We're saying that when we are accused of not providing information, I say that I reject that completely and totally. I say that we have provided far more information than the Conservatives did and also it deals with reality. You see, the interesting thing about that is they say that one should negotiate these things. When we were looking at ways in which we might see whether the Intertie Agreement could actually be brought to fruition, we said at that time that these are negotiations and we will make them public afterwards, and they said that's right, that makes sense. It's exactly what they said. The stories turn that we have a \$1.7 billion possibility. It's there and they're laughing at it. They didn't even want it. We'll be able to indicate why they didn't pursue anything with WAPA or Wisconsin or Minnesota. Why didn't they?

They didn't do it because they put all of their eggs in this Western Grid basket, even though they had the opportunity of pursuing these negotiations with parties

to the south of us. They turned their backs totally on these potential sales, and that can be documented, turned their backs on them and said no, no, we don't want to consider other options because all of our eggs are in the Western intertie basket. Now, from a Manitoba perspective, that is gross negligence. You cut off your options, you put all of your eggs into a basket and ultimately they did not produce.

We have considered all the options and we are pursuing all the options because we believe it's in the best interests of Manitoba to canvass all the options to ensure that they're pursued and to get the best deal for Manitoba. If that is something that the Conservatives condemn us for, for pursuing all these options, for working very diligently over the last two years to accomplish them, fine, they might condemn us but we on this side are very pleased that we've pursued those options. We've been able to achieve results and we will achieve more results in the future.

MR. G. FILMON: Mr. Chairman, it's obvious that the Minister has a great deal to cover up because he has proceeded for the last 20 minutes to set up all sorts of straw men here, to enter into discussions and conversations well into the broad gamut and range of all sorts of activities that he obviously has been working on over the past while.

There were no questions from my side on anything other than the Alcoa; that's all we got into. Mr. Chairman, all we got into was a discussion in an endeavour to bring out some facts with respect to the Alcoa arrangement; that's all I've been attempting to do. The Minister is obviously very sensitive.

He talks in terms of information that hasn't been — (Interjection) — Mr. Chairman, we're trying to talk about Alcoa. I know that the Minister doesn't want to talk about it and his colleagues prefer to go off on all sorts of tangents and want to encourage him on . . .

MR. CHAIRMAN: Order please.
Mr. Minister.

HON. W. PARASIUK: I have been just accused by the Leader of the Conservative Party that I didn't want to talk about Alcoa, then when I talked about it for a period of time, I was accused of filibustering. Surely, he can't have it both ways in terms of accuracy, Mr. Chairman.

MR. G. FILMON: Mr. Chairman, was that a point of order?

MR. CHAIRMAN: That was not a point of order.

MR. G. FILMON: Thank you, Mr. Chairman. As usual, the Minister doesn't know what he's talking about and he persists in setting up all sorts of straw men and attempting to — (Interjection) — in deference for the Member for Wolseley, straw people.

He refuses to address the topic at hand; he avoids all of the issues. He talks about not wanting to share information, not wanting to give out information that the former government didn't do it, yet he has never tabled the Chase Econometrics Report, the report that was produced and paid for by the taxpayers of Manitoba

that said that his whole thesis about ownership or not of a hydro-electric generating station was a red herring. It makes no difference, Mr. Chairman. The fact of the matter is that the same benefits have to be conferred regardless of whether ownership is part of the deal or a long-term agreement is part of the deal, the same benefits have to be conferred. In fact, in this case, I suggest to you that greater benefits will be conferred — (Interjection) — if Alcoa doesn't own the plant they still may indeed get more benefits conferred by this process.

Mr. Chairman, we're interested in what the Minister is going to be doing with Alcoa. I ask him, does he not believe that he's in a conflict of interest position being a 50 percent owner of the plant and also being the owner of the hydro-electric resource? That resource that is the single most important factor in the viability of an aluminum smelter, how can he negotiate with himself over the price of hydro when he's a 50 percent owner?

MR. CHAIRMAN: Mr. Premier.

HON. H. PAWLEY: Mr. Chairman, I want to be fair to the Leader of the Opposition and I'm not certain whether the Leader of the Opposition would like to correct me early into my remarks or not because I think I heard the Leader of the Opposition indicate a few moments ago in the Chamber that we too had spoken to the Utilities in the United States while we were in government and had instead gone the route that we had gone - or words to that effect.

The Leader of the Opposition isn't attempting to correct me . . .

MR. CHAIRMAN: The Leader of the Opposition on a point of order.

MR. G. FILMON: Mr. Chairman, if I may ask the Premier a question because I don't understand his point when he speaks about "we." Now, who is the "we" in the sentence?

HON. H. PAWLEY: Well, Mr. Chairman, the term "we" was used by the Leader of the Opposition. The Leader of the Opposition proclaimed in this Chamber a few moments ago that "we" - reference to the Leader of the Opposition when he was a member of the Treasury Bench - and his colleagues have also had discussions while they were in government with the utility companies in the United States that we/they had as much opportunity to have finalized a transaction as indeed this government had.

MR. G. FILMON: Well, Mr. Chairman, I don't believe that I put those statements on the record, but I'd be glad to put it on the record because I attended at Columbus, Nebraska on behalf of the then Minister of Energy and Mines to sign a Letter of Intent on behalf of Manitoba with respect to the MANDAN, which was with the utility in Nebraska, for instance. So that's an American utility.

I can also indicate that there's no question that there were discussions throughout our term of office with utility operators and government officials in Minnesota,

in Wisconsin, in various other American jurisdictions, with respect to power sales.

HON. H. PAWLEY: That's precisely the information that I wanted the Leader of the Opposition to clear. I think it's important this evening, in fact, so that Manitobans will know precisely what the position of this opposition leader and this opposition party is in respect to the sale of energy.

Are we to believe by way of the admissions that were made just now and also a few moments earlier, that that party while in government had the opportunity to finalize agreements, could have negotiated, were aware and had discussions with Minnesota utility companies, had discussions with Wisconsin utility companies such as Northern States Power, and either due to their inability to negotiate or because of negligence on their part, which would be of the grossest form, that they would have turned their backs on a potential \$1.7 billion transaction and, instead for some reason or other, after announcing in three Throne Speeches, 1979, 1980, 1981, then entering into a preliminary agreement during the provincial election campaign of November, 1981 with Alberta and Saskatchewan in principle, not finalized, by way of the Ministers that would have been only a cost to the Province of Manitoba with no benefit by way of profit to the Province of Manitoba, is the Leader of the Opposition then tonight acknowledging because if he is then, Mr. Chairman, I would like to debate that issue and debate it extensively?

That group when they were in government, performed the colossal blunder of the century, turned their back on a \$1.7 billion profit for the benefit of Manitobans, or fell short by way of negotiations with utilities to the south of the United States, to enter into a transaction which was, at the best, only a cost to Manitobans; at worst, a loss to Manitobans?

Mr. Chairman, if there ever was a clear indication of the approach of that group who claim to be competent business managers; to be protectors of the public interest; to be the stewards of the natural resources of the Province of Manitoba; to be interested in ensuring maximum return to Manitobans, Mr. Chairman, if there ever was an example of a colossal blunder, of the extremest form of negligence, it is the admissions by the Leader of the Opposition and probably previously by the Member for Arthur, and I believe I've heard earlier comments in earlier discussions that they too could have worked out an agreement with the utility companies in the United States.

Mr. Chairman, what we are talking about - and the Leader of the Opposition can say, what is \$1.7 billion? Mr. Chairman, what it is, is \$1.7 billion poured down the drain and in its place an agreement that had been entered into after proclaiming it during three Throne Speeches, at the very very best, a simple cost return; at the very worst, a loss to the Province of Manitoba. Mr. Chairman, this is an unbelievable admission on the part of the Leader of the Opposition in respect to the stewardship on the part of the previous government in the Province of Manitoba.

Mr. Chairman, with that kind of admission, where in the world could we ever trust that group across the way to manage the affairs of the Province of Manitoba in a way that would benefit Manitobans? What would

be the reason that the former government of this province would have turned their backs on a \$1.7 billion profit? Would it be sheer partisanship? Would it be out of kindness and affection for Premier Lougheed in the Province of Alberta? Mr. Chairman, I think there are questions that need to be answered now.

When honourable members want to suggest that there's some sort of giveaway, Mr. Chairman, on the part of this government, I think the finger now points directly back where it belongs and that is on honourable members' parts across the way when they had the opportunity, when apparently they could have completed the negotiations that could have led to the finalization of a contract such as that which was finalized by the Minister of Energy and Resources, that would have resulted in substantial profit and benefit for the people of the Province of Manitoba, they decided to turn their backs and instead follow the path of least resistance to enter into an agreement with the Alberta Government that would not have resulted . . . I challenge the Leader of the Opposition to tell me whether there would have been profits to Manitoba from the Alberta deal.

I challenge the Leader of the Opposition to rise in his place and say he still would have preferred the Inter-tie transaction to the agreement that was finalized by the Minister of Energy. I think we want to know, Mr. Chairman, where the Leader of the Opposition stands in respect to this matter. Is he prepared to take a stand this evening or would he prefer to sit on the fence, and not indicate where he would stand? Or would he prefer that deal that was proclaimed about and talked at great length? It was suggested we had blown a deal that would not have returned a profit or a benefit to the people of Manitoba.

MR. G. FILMON: Mr. Chairman, we'll find out just how good the deal is for Manitobans when the questions are answered that need to be answered.

We're talking about the Northern States Power transaction. We'll find out whether or not \$1.7 billion is profit or poppycock. We'll find out whether or not there is any benefit to the people of Manitoba or whether this is a giveaway. With all of his preening and puffery, we'll find out whether the Premier knows what he's talking about, or whether this deal is just as good a deal as was Saunders Aircraft, as are all of the other investments that this government has made and that the NDP have made for the people of this province that have sold them into debt. We'll find out, Mr. Chairman.

It's obvious that we've hit a soft spot. It's obvious that the Minister and the Premier want to cover up something in the Alcoa arrangement. All I'm attempting to do is find out a few simple answers. Maybe the questions are too simple for the Minister of Energy and Mines to deal with, but I'd like to bring him back to the topic of Alcoa; I'd like to bring him back to the topic of Alcoa arrangement and I'd like to ask him how he believes that he can act on both sides of the fence in negotiating a price for energy for Alcoa, for the smelter, when he's a 50 percent owner. Is there not going to be a case whereby, in order to justify the investment of \$350 million in a smelter, in order to justify that risk and that investment, he is going to give the aluminum smelter such a good deal that it proves

that the investment was a good investment? At the same time, it doesn't maximize the return to the people of Manitoba on the natural resource of Hydro.

HON. W. PARASIUK: I am extremely delighted to be able to answer that question. We have said, and I said that when I made the announcement with respect to Alcoa, and I think you should go back and look through the material on this. I did indicate that the principle of the negotiations on the power contract and over the life of the contract, Manitoba Hydro would recover all of the costs. Isn't that what The Manitoba Hydro Act says, that they will provide power to people in Manitoba at the most economical cost, the assumption being that we can recover the costs?

That's the way we provide power to Hudson Bay Mining and Smelting; that's the way in which we provide power to Sherritt Gordon or Interprovincial Pipelines or anyone else - even the member of the opposition. That's the way we provide power to his home. So there is no conflict if we are going to say that we will recover all those costs.

That's an interesting contrast when he said, isn't there a conflict? When they have to change The Manitoba Hydro Act because they would have had to do that to sell off a portion of a dam, change the law, change the act, sell our heritage. That's what they were doing. That's the position they took and they said, there's no conflict there. Is there a conflict when I come into office and I go through a lot of other files - didn't have too many - and find the draft Order-in-Council giving Inco the right to build a power dam on the Burntwood River? All the cards on the table Conservatives, up their sleeves, down their boots. Did you know about that? Was that brought to Cabinet? Was the Western Grid Agreement brought to Cabinet? Was your turning your back concerning utilities in the United States brought to Cabinet? I'll go through the files and I'll bring out the letters.

A MEMBER: Why don't you spend your time negotiating?

HON. W. PARASIUK: That's exactly what we're trying to do, exactly what we're trying to do, negotiate.

HON. H. PAWLEY: Why did you turn you go back on a \$1.7 billion opportunity?

HON. W. PARASIUK: Mr. Chairman, last year in my Estimates, they said that they were disappointed that I had not achieved successful negotiations. You'll be bringing it forward this year. We provide the invitation. We provide \$1.7 billion. We come forward . . .

MR. CHAIRMAN: Order please, order please.

HON. W. PARASIUK: . . . with options and we are developing, through hard work in the United States, with respect to other utilities which put us in a very good bargaining position with those other utilities, put Manitoba into a very good bargaining position into the long-term future. That is what we accomplished and the Member for Turtle Mountain says, why don't you get about negotiating? Do you want more negotiations

brought forward? I'll bring you some more; I'll bring you some more.

I say clearly the well is not dry yet because we have worked a lot harder than they did. We didn't turn our backs on the obvious. We've gone out, we've worked and we've produced and we believe we produced for the benefit of Manitobans. Let the people judge. We know and they get the facts, the entire agreement tabled; no hidden agendas. No secret deals like they had. Very clear, very clear on the table. We do not sell a power dam to Inco, we don't sell a power dam to Alcan, we don't have to, to have development. You say you have to sell the dams; we say we don't. There's the difference.

If you are so lacking in confidence in the future of Manitoba that you believe you have to give everything away at final sale prices to get development, fine, take that position forward, but there is a difference. We said we didn't have to do that and we have proved we don't have to do that.

Who is doing the complaining now? They are, Mr. Chairman. They don't have a development position that's rational. They do want to basically cave in because they never think through their position, they never think through, they never do their homework, they never check out the options. There is a big difference.

They want to refer back to the past? What's the last big agreement in this province? The last big agreement was the CFI agreement. Do you want to look back at the past and to the agreement? The then Attorney-General said I don't remember signing it. He became the Conservative Premier of this province. Do they remember looking at the other ones? Do they remember looking at what they did?

A MEMBER: There was an election campaign. They were kind of busy.

HON. W. PARASIUK: We have the Member for Rhineland getting up and making the comment the other day when someone asked something about a Western Grid, saying, oh, that was hypothetical, that's hypothetical. We all heard that he said it was hypothetical. They want to cast a lot of stones in all directions and they have been casting those stones in all directions but the stones are not hitting any mark. The stones are bouncing back and pointing out that the Conservatives live in a pretty big glass house and we have the proof.

The proof of the pudding is the agreement we have compared to what existed with the Grid negotiation. The proof of the pudding is that we have discovered more options for the people of Manitoba at better rates, at better prices. We are still open to discussing power sales with Saskatchewan and Alberta but our bargaining position has improved tremendously. We won't turn our back on other options because we believe that the first and foremost responsibility of a government in Manitoba is not to be in cahoots with Peter Lougheed or anyone else; but the best possible deal for Manitoba, that's the position we take.

We have said that we are prepared and we are willing to try and promote a grid in fair terms to all parties but they have to be fair terms to all parties. When we

come forward with a \$1.7 billion profit that also has job creation as compared to zero, instead of having the opposition get up and say congratulations, isn't this marvelous, we have these other options, we have wealth coming into Manitoba that will do good for Manitoba into the future, do they say that at all? No, they try and rain a lot of negativism all over this whole thing.

But let me tell him that we have in fact already been talking with the business community and with the working community in this province, and they are very pleased. They find your position ludicrous; totally ludicrous.

A MEMBER: That's to put it mildly.

HON. W. PARASIUK: Let us go forward. In fact, I will invite the member of the opposition to come forward with me to some of these meetings and I want him to sit down with these people and say that he doesn't want this to take place, he is against it. Let us come clear on this. What's his position?

A MEMBER: Where does he stand?

HON. W. PARASIUK: They have come out against these developments. They don't want us to make a return. They want us to sell things at cost. They want us to take the position of possibly taking a loss. We say that it's possible to negotiate better deals. We say that it's possible to negotiate deals on Manitoba's terms, keeping the resources Manitoba owned, keeping the wealth circulating in Manitoba, and we believe that's a very good position to take forward to the public. We do have two years to take this forward. We do have two years to develop it. We do have two years for people to be participating in this, and not as an election gimmick.

Have we brought in a whole bunch of advertising? We will talk to people at the right time because it's important that they be involved. I want people to have the fullest opportunity to get training, to work, to have the best advantage in terms of sourcing materials here. I want the Manitoba businessmen to benefit.

The Minister of Finance wants that to happen. The Premier has instructed that I ensure that takes place and we are all going to work on that collectively, co-operatively, over the course of the next few months to ensure that it takes place. And where will the Conservative Party be on this issue? On the negative side, on the down side against it. They are the knockers; we are the doers.

MR. CHAIRMAN: The Member for Rhineland.

MR. A. BROWN: Thank you, Mr. Chairman. I have been listening with a great deal of interest to the debate that has been going on. If only that government could have been as enthusiastic about development of electricity in this province when we were government as what they seem to be at the present time.

A MEMBER: Right. They forget so quickly.

MR. A. BROWN: There is no doubt in my mind that they will be able to make this current deal with Alcoa

that they are presently involved with because that is the sweetheart deal of all sweetheart deals and there is no doubt about that, that deal with Alcoa.

HON. H. PAWLEY: What about the \$1.7 billion giveaway? Let's talk about that.

MR. A. BROWN: Mr. Chairman, if the Premier is just going to listen for a while. Just listen for a while, Mr. Premier.

A MEMBER: How come you're in love with multinationals, Howard? How come you fell in love with multinationals?

MR. A. BROWN: You are allowing a company . . .

A MEMBER: It's not their money, that's the problem.

A MEMBER: It's your money, the taxpayers' money.

MR. CHAIRMAN: Order please, order please.
The Member for Rhineland.

MR. A. BROWN: Mr. Chairman, they are allowing an aluminum company to come into Manitoba that will be able to play with entirely different rules than any other aluminum company anywhere in North America or the world.

They are going to let this company come in here with very little investment of their own money. It's Manitobans that will be paying for the investment as far as getting electricity, getting transmission lines out wherever they are going to establish. It's going to be Manitobans that are going to be paying for it. It's going to be Manitobans — (Interjection) — We are talking about Alcoa. You will be building new transmission lines very very shortly, my friend, if you are going to go ahead with some of these views that you are talking about because we only have one and we would need another one.

A MEMBER: For Conawapa, yes, but not for Northern States Power.

MR. A. BROWN: Okay, but if you are going to go ahead with Northern States Power, with Alcoa, with all the . . .

SOME HONOURABLE MEMBERS: Oh, oh!

A MEMBER: Oh shut up, Howard, and listen. You'll learn something. Just listen and you'll learn something.

MR. CHAIRMAN: Order please.

MR. A. BROWN: Manitobans will be asked to invest at least \$1 billion before we are going to see this plant in operation in Manitoba, there is no doubt about that, along with the \$350 million which they will be investing in the construction of the plant and that's at a minimum of \$1 billion. There is probably going to be a lot more that will be invested, I don't know the figure, the Minister should know that figure, but we know that it is going to be one huge investment.

Now what is going to happen? The price of aluminum has always fluctuated and it always will. Now this is going to be the place in which Alcoa is going to have the least amount of money invested in a plant. Which plant are they going to shut down if the price of aluminum goes down and there is an overproduction in the world? It's going to be this plant because they have very little investment in this plant. It's going to be this plant that will be shut down. Where is that going to leave you at?

A MEMBER: Well, did you ask about Alcan the same way?

A MEMBER: They had their own money. They had their own money.

MR. A. BROWN: They were going to pay for a plant themselves. They were going to have the investment, my friend, they were going to have the investment. They wouldn't dare shut it down, at least not sooner than any other plant. But what is going to happen, Mr. Chairman, is that this is going to be the first plant that they will close because this is where they'll have the least investment.

Now, Mr. Chairman, where's that going to leave Manitobans? It's going to leave us, first of all, with a huge investment in It's going to leave us with a huge surplus of power, and we'll be paid interest on the money that we have borrowed in order to put that power into place. Yet we will not be able to sell electricity to this plant because it's shut down. This could be for a long period of time, because \$350 million for Alcoa to come into Manitoba, is a drop in the bucket. They won't think twice about closing this plant rather than closing any of the other plants that they'll have.

So, Mr. Chairman, what is going to happen when we see these things, when we see them shutting down the plant? Before they will shut down the plant they'll be coming up and saying, okay, we cannot continue to operate. They will want a better deal on the electricity. You will not dare say no because you cannot afford to say no when they come in for a better deal for electricity because you have too much money invested in it. You will not dare say no when they come and ask for a lower rate for the price of electricity. Mr. Chairman, these people are going to hold you up for ransom forever and a day as long as you're going to be involved with them because you are setting yourselves up for that type of a situation. There is no way that Alcoa will not take advantage of it, any corporate company would, especially one that is not Canadian. A Canadian company might at least think about Canadians. An American company will not; they will be thinking about themselves.

Another thing that the government is going to be very concerned about is the laying off of employees. Again they're going to say, okay, we'll do whatever we possibly can in order to get this plant going, and you will be held up for ransom, as I said before, time and time and time again.

MR. CHAIRMAN: Order please.
The Member for Arthur on a point of order.

MR. J. DOWNEY: I, Mr. Chairman, heard the Premier say that we may have an election quicker than we think.

Now I wonder if he could clarify that - and I apologize to my colleague - and tell us tonight when the election will be and if he'll call it immediately on this particular issue.

MR. CHAIRMAN: Mr. Premier.

HON. H. PAWLEY: Well, Mr. Chairman, I don't know whether there's a point of order. But I tell you with what I'm hearing tonight I'm quickly reaching a point where I would love to have an election.

MR. A. BROWN: That's right. That probably would be the best thing that could happen to Manitoba right now, because this is, on top of everything else, the issue that is the issue that is going to be . . . because Manitobans are seeing it exactly in that way. Along with all the other issues, this is another one of that issue because you are entering into a bad deal. There is no doubt about that. You are entering into an incredibly bad deal.

Mr. Chairman, on the information that we have at the present time that I . . .

MR. CHAIRMAN: Order please.

The Minister of Co-operative Affairs on a point of order.

HON. J. COWAN: I would ask if the member would permit a question based on his statement.

MR. A. BROWN: After I'm finished.

HON. J. COWAN: The member would answer a question when he's completed his remarks, is that correct?

MR. A. BROWN: Yes. Mr. Chairman, on the information that we have at the present time, I would have to advise the government if we were government not to continue with the deal, because there is no doubt in my mind, and there is no doubt in many Manitobans' minds, that this is going to be an incredibly bad deal for the reasons that I stated.

Now the Premier had also started about the long-term deals to the United States. I want to ask the Premier one thing. Have you seen one good long-term deal anywhere in Canada, or in the world, as far as Hydro is concerned? You cannot point your finger at one good deal, you cannot. Again, you're going about this, basing it only on the price of . . .

A MEMBER: Can we try and get some order here, Mr. Chairman.

MR. CHAIRMAN: Order please.

MR. A. BROWN: Mr. Chairman, again you are basing your escalating price on one source of energy, the one source of energy that is not going to rise over a period of 35 years. The Americans are sitting on the largest known deposit of coal which is only one foot beneath the surface of the ground, very easy to get. Are you going to base the cost of electricity to that source of energy?

And the other factor that is going to enter into it, we're going to see an agreement, sooner or later - and

I would say within the next 10 years certainly - we are going to see an agreement where coal will not be allowed to be used because of acid rain. Are we going to base our escalating price on the price of coal? We're talking about escalating price, and if we're talking about safeguarding the interests of Manitobans, then you're going to take a whole number of different energies into consideration, you're going to work on some kind of formula and then maybe you can come up with a true escalating cost, although it's going to be difficult to come up with a true escalating cost because nobody can see 35 years into the future. But we know one thing, it's not going to be coal, that we do know.

HON. J. COWAN: Yes, the member indicated he would entertain questions at the end of his remarks. I have two.

The first is in respect to his comments and I just want to confirm that I heard him correctly, his comments that energy development in his opinion will be the issue around which the next election in this province is fought. The second is . . .

MR. A. BROWN: I didn't say that.

HON. J. COWAN: Well, I'm asking him to confirm or not to confirm.

MR. A. BROWN: I didn't say that, I said Alcoa . . .

HON. J. COWAN: Okay, the member has then indicated that he was speaking to the subject of Alcoa.

He further indicated in his remarks, Mr. Chairperson, that he thought that the deal with Alcoa was a bad deal for the province.

MR. A. BROWN: It is.

HON. J. COWAN: I would ask him, if he were in a government would he be prepared to stop that particular deal?

MR. A. BROWN: Mr. Chairman, on the information that we have at the present time - and I don't know how much information the Minister is not giving us - I would have to advise, for whatever that would be worth that we would have to take a very long close look at that. From the information that we have, I could not say yes.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, I have found . . .

MR. CHAIRMAN: The Minister of Energy and Mines on a point of order.

HON. W. PARASIUK: Isn't it the normal course that people raise points and then the Minister, if he chooses, can interject? I believe that's the normal way.

My question to the Member for Rhineland is, since he's speaking against long-term power deals, he was the Conservative Government member on the board of Hydro, did he see the Western Power Grid Agreement waved during the campaign by the then Premier . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. CHAIRMAN: Order please. That's not a point of order.

The Minister of Finance on a point of order.

HON. V. SCHROEDER: The Member for Rhineland spoke. There was a question asked of him. I rose; I believe that it's the usual custom of this committee to have a member of the government follow the opposition.

MR. CHAIRMAN: Order please. The custom of the committee is to ask questions of the Minister. The Minister of Co-operative Affairs arose on a point of order to ask if the question could be asked, during the Member for Rhineland's speech. At the end of that speech, I called on the Minister of Co-operative Affairs to ask his question. The Member for Rhineland answered that question at that point. Anyone else who wanted to ask a question would have to rise on a point of order.

I called on the Member for Arthur who began his speech. The Minister of Finance rose on a point of order . . . Order please, order please. The Minister rose on a point of order to ask a question of another member, not the member who was speaking.

HON. W. PARASIUK: No, I asked it of the member who said he would entertain questions at the end of his speech. I then asked the Member for Rhineland if he had seen the Western Power Agreement because the Premier, at that time, said they were doing it; they all said it was a sure thing. I'm asking the member who is now casting doubts on long-term agreements, whether, when he was the Conservative member of the Hydro Board, whether he saw that agreement? Did he approve it? Does he remember it?

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

HON. A. ANSTETT: Mr. Chairman, to the same point of order. Perhaps the confusion results from the fact that members did not indicate, after the Minister of Co-operative Development, that rather than wishing to enter the debate they had further questions for the Member for Rhineland, and perhaps, allowing for the fact that you, sir, did not recognize them as having further questions but rather wishing to engage in the debate, you chose to recognize the Member for Arthur.

I don't think anyone on this side objects to the Member for Arthur being recognized as the next speaker. Sir, the question — (Interjection) — You can debate that with the Minister of Finance, but certainly the right of members to ask questions of a member who has made a speech and has indicated a willingness to take questions, certainly the right of members has never been denied. I think it would be appropriate, before you choose whom you would next recognize to speak in the debate, to recognize further questions from members since the Member for Rhineland has indicated a willingness to take questions on his remarks.

MR. CHAIRMAN: Does the Minister of Energy have a question?

HON. W. PARASIUK: I had the question to the Member for Rhineland. In his speech he said that he did not like long-term deals; he was against 35-year deals.

If that's the case, how was it that the Conservative Premier said, in the middle of an election campaign, that they had an agreement? Did he, as the Conservative member on the Board of Hydro, see the agreement, go through it, object to it at that time? Did he do so? Was Hydro involved? Was he as a board member involved? Could he state his objections then, as a member of Hydro? He wasn't a member of Cabinet but surely he was a member of the Hydro Board and he could have stated those same objections then. Did he do so?

MR. CHAIRMAN: The Member for Rhineland.

MR. A. BROWN: Mr. Chairman, I agreed that I was going to answer questions on the statements that I made. Never once did I touch on the Western Power Grid - and I think that it rather unorthodox. It's the Minister over there that's on the hot seat, it's not me, so . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Thank you, Mr. Chairman. I'm finally pleased to be recognized after the government have spent, what is it, about an hour now trying to defend the Minister of Energy.

It's very seldom that we've ever seen in Committee, the Premier having to come to the defense of the Minister, the Minister of Finance wanting to come to the defense of the Minister. The policy, Mr. Chairman, the attack that we've seen here tonight, that they've tried to perpetuate on the opposition is quite amusing.

Mr. Chairman, I'll clearly go to the people on the record of the Progressive Conservative Party freezing the Hydro rates for the consumers of hydro in Manitoba. Who gave the 300 to 400 percent increase in hydro rates? It was the New Democratic Party who took away the resource from the people of Manitoba, the cheapest hydro in all of Canada, the cheapest hydro in North America - and who took it away from them, Mr. Chairman? It was the New Democratic Party prior to 1977. Who froze the hydro rates? It was the Progressive Conservative Party, Mr. Chairman. That's who gave the people of Manitoba back the cheap hydro.

The First Minister speaks about a \$1.7 billion profit. Will he lower the hydro rates to the consumers of Manitoba? Will he lower the hydro rates to the consumers of Manitoba when that big \$1.7 billion comes in? Will he lower the hydro rates? Will he commit to that tonight? No, Mr. Chairman, he won't, because the fiscal affairs of the Province of Manitoba will be in such shambles and such disrepair he'll have to use the money to bail himself out and there is \$1.7 billion. How many years is it over? Twelve years? I have never heard anything to hypothetical in my life as this First Minister standing here tonight saying that he's got this \$1.7 billion profit out of Hydro.

His record clearly speaks for itself, Mr. Chairman; record hydro increases under New Democratic Party,

took off a hydro freeze under a New Democratic Party. Who froze the hydro rates? Progressive Conservatives, Mr. Chairman. We gave the people back the resource at what they should be getting it at, lower than anywhere else. He's locking us into a deal where the people of North Dakota and Nebraska and all those northern states will profit greatly, tremendously by the resources of the people of Manitoba. This argument about turning it down, what is he trying to do? The Premier speaks like a wet hen. What is he telling us, \$1.7 billion profit? He hasn't made one successful deal in all his business of government, Mr. Chairman.

He has not been able to demonstrate that the people of Manitoba are protected and I challenge him tonight to commit that \$1.7 billion. I challenge him to tell the people of Manitoba, the hydro rate users that they'll have their bills lowered when the \$1.7 billion comes into place. I challenge him and he won't commit tonight because he hasn't got the \$1.7 billion or he would be able to live up to the commitment that I'm asking him to live up to.

He is backing down on the people of Manitoba, Mr. Chairman, and I challenge him to call that election that he's so happy to call, challenge him to call it tomorrow. I challenge him because he won't do it, because he is an incompetent leader of an incompetent group of people.

Thank you.

MR. CHAIRMAN: The Minister of Finance.

HON. V. SCHROEDER: Mr. Chairman, the question is, who's going to have the \$1.7 billion? Is it the people of Manitoba or the people of Alberta?

SOME HONOURABLE MEMBERS: Oh, oh!

HON. V. SCHROEDER: Are we going to go through with a deal with Alberta which will give us no profit, or will we go through with a deal with the people of Minnesota that will give us \$1.7 billion? That's the choice.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. CHAIRMAN: Order please, order please. Order please.

A MEMBER: Don't get excited.

HON. V. SCHROEDER: I'm certainly not excited. Mr. Chairman, I'm enjoying this very much because we're getting down to the guts of the issue. We're getting down to the issue of should we go ahead with a 35-year deal to Alberta and Saskatchewan for no profit, or g with a 12-year deal at five-thirteenthths of the amount of power, where we get \$1.7 billion profit instead, \$1.7 billion profit.

The question is, do we take nothing going east and west, and as the Member for Sturgeon Creek says, keeping the jobs in Canada, exporting, however, I would add, our children to Alberta and Saskatchewan? Do we do that or do we take the profits for the benefit of Manitobans? I tell the member who just spoke, that that \$1.7 billion will be used in Manitoba rather than

in the Province of Alberta. It can be used for any of a variety of things.

I am not going to tell the Leader of the Opposition how we are going to spend our money. We will spend our money more wisely than he ever would have, but I appreciate his acknowledgement that we will be around at that time to spend the money.

Now, Mr. Chairman, the Member for Rhineland got up and he said that long-term deals seldom work out so good. That's interesting. He said, I'm not sure I would do that, yet he was a part of government, he was on the board of directors of the utility that entered into a 35-year agreement with Saskatchewan and Alberta to sell hydro at cost. What did that agreement say about the price of the dam? He probably never did see the agreement although he was a member of the Board of Directors of Manitoba Hydro. That agreement stated that the maximum cost of that dam, to Saskatchewan and Alberta, would be \$928,000,000 plus 10 percent in March, 1981 dollars - and that's it.

If you had a problem with anything in that operation and the costs escalated beyond inflation - inflation was accounted for in the agreement - but if there were any other overruns, that was courtesy of the taxpayers of Manitoba to King Peter out there in Alberta. That was the beautiful, brilliant, long-term investment that the Tory Government entered into in November or October of 1981. They have the gall to stand up here tonight and say, well, we would have entered into a 35-year agreement at cost having this kind of a cap on it, but you people shouldn't get into a 12-year agreement for 500 megawatts, as opposed to the over 1,300 megawatts you were talking about for 35 years. Who are you kidding?

You knew, as a member of the Board of Hydro, that by 1993 you would be requiring additional hydro-electric power for the people of Manitoba. You knew that you would have to have more power here in Manitoba, but you had already dealt off the power from Limestone. What did that mean? If you were going to keep your hydro-electric power coming, you would have to build the next dam down the line, which was a more expensive dam, Conawapa. You'd have sold the cheaper power to Saskatchewan and Alberta and we would have added the more expensive power into our system, blended into it at an additional rate, and you didn't have any sales of it.

Here tonight, we've heard your Leader tell us that you were talking with Wisconsin; you were talking with Northern States, Minnesota, North Dakota, you were in Nebraska, and so on, and you walked away from it. You're seeing here four years after the fact that you don't know what the benefits would have been of an agreement of the type that our Minister of Energy signed.

They put one egg in the basket and it never hatched. Maybe it's a good thing it didn't hatch because I think in the long run that would have been a disaster for the Province of Manitoba. It is utterly incredible that we had a government there for four years that was aware of the fact that by the early 1990s, there would be a market for firm hydro-electric power in the United States of America and they chose to ignore that market entirely and just go to Saskatchewan and Alberta for one deal where they agreed not to take a profit for 25 years.

They agreed not to take a profit for 25 years as opposed to getting a profit within the first 12 years, a

large healthy profit which will do well for the people of Manitoba; a profit which we will be able to use in dealing with the international financial community in financing this arrangement; a profit which will be beneficial to our children who I don't believe they were looking after at all when they entered into that agreement. They were looking at a much much shorter time frame. They were looking at about two months. They were looking at about November of 1981 when they did that.

Then we had the Member for Rhineland stand up and say, well, Alcoa is going to shut this plan down because it's only got a 50 percent ownership in it. What he forgets is that of that 50 percent, Alcoa has financed the full 100 percent. Their financing costs are fixed; they can't get away from them. Their operating costs are approximately - this is an estimation that we've received from Hydro, from Northern States Power - one-fifteenth the cost of operating a thermal plant. Where would they choose to continue to operate in a down time? Were they paid 15 times more for operating costs or were they paid one-fifteenth of the operating costs?

Let's not talk about just the fact that we have a government involved in this particular plant, let's look at the other plants that Alcoa has that have other partners involved. They have a lot of other partners involved, including other governments. So, that whole argument does not make any sense.

We hear this motion of, well, you're into for 50 percent and that's why it's a good deal for Alcoa. Listen, if the whole deal as a 100 percent is a bad deal, 50 percent of 100 percent is still a very bad deal and nobody's going to get into a bad deal. They're not going to get into a deal where they see their half - (Interjection) - What? No, I'm not sure that they would have done it anyway, although it has been pointed out by the Minister of Energy and Mines that we were prepared to get into this kind of an agreement and that, of course, the Conservatives did have the courage at one stage to enter into an agreement with IMC.

You know, we could make the same argument about IMC excepting that they wouldn't have one-fifteenth the operating costs of IMC and Saskatchewan. Their operating costs in Manitoba might have been the same, I don't know. Maybe with new technology it might have been a little lower. It might have been a little higher because of other costs, I don't know. Certainly, it wouldn't have been one-fifteenth, because we don't have that kind of comparative advantage in that area as we do with hydro-electric power as compared to thermal power.

Now the Member for Rhineland says coal is going to be worthless. What he has to keep in mind is that coal still has to be mined. Nobody's going to go into the mine and get it for nothing; you're going to have to pay the miners; you're going to have to pull up above ground; you're going to have to transport it for many hundreds of miles on a very expensive transport system; you're going to have to transport it there; you're going to have to feed it from the transport system into the plant down there. You have all of those costs that are fixed. Not too many people are going to do those operations in the long run without making themselves just a little bit of profit. I think that's the way the system works. If you're losing money doing that sort of thing, you're not going to do it.

Coal, all things being equal - another member mentioned before, acid rain. — (Interjection) — Exactly. Every time you put on more environmental controls, the cost of the alternative plant operations will be higher rather than lower, meaning more profit for Manitoba taxpayers rather than less. The benefits are on our side.

MR. A. BROWN: You want to tie the price to the price of coal. You just talked down the arrangement. This is a fraud.

HON. V. SCHROEDER: Mr. Chairman, if he had read the agreement, he would know that it's tied into the operation of a thermal plant, including capital costs, including operating costs which are 15 times higher than hydro-electric operating costs. Also, the cost of coal is a part of the operating cost of a thermal plant. Now, if we were to simply tie it into the price of coal, that would be a far greater variable and would put us in a position where we are at a far greater risk than we are under this particular agreement.

Again, we are in a position where the Member for Rhineland says that a 35-year agreement, limiting you in the best of times to no profit for the first 25 years, is a better deal and somehow of shorter duration than a 12-year deal for less than half the amount of hydro-electric power. I can't believe it. I just can't believe it.

MR. CHAIRMAN: The Leader of the Opposition.

MR. G. FILMON: Mr. Chairman, we have seen the spectacle of everybody on the other side having to try now and defend the Minister of Energy on what is obviously a bad deal. Obviously, they have great concerns because they can't talk about what these deals entail; they can't talk about the benefits and the negatives of these deals. They have to talk about what the old deals were. What were the Conservatives doing? What were those things that they were talking about in 1981? They have to try and misinterpret, misrepresent, misconstrue, but they can't talk about their deals. Why? Because all they want to do is talk about some pipe dream of a major profit that they are going to make on the sale to Northern States Power.

Why are we concerned? I will tell you why we are concerned. For the same reason the people of Manitoba are concerned; because nothing this government has ever entered into has ever produced a profit for the people of Manitoba. In fact, Mr. Chairman, it's been exactly the opposite. Every deal that they went into as an NDP Government in the '70s lost money. It cost the taxpayers money over and over and over again. What about the agreements that they made with Northern States Power in the '70s when they were the Schreyer government and they sold interruptible power? What did they do? They sold it to Northern States Power who turned around as a broker and resold it for a 100 percent profit. Not only that, but the jobs were created, the industrial jobs in using the energy were created in the United States, yes, Mr. Chairman, because it added to their system and they were able to resell some of their own power. That's exactly what happened.

So when we talk about profit, we are talking about profit for the people that they are selling the energy

to. That's what is going to happen. We know because we know from experience. We know this government and this party has never negotiated a deal that has returned economic benefits to the people of Manitoba. So we are concerned; sure we are concerned. We are concerned because we know that the agreement that we entered into is going to leave the risks to the people of Manitoba. We are concerned because when they talk about profit, they don't talk about reducing or stabilizing the price of energy to the people of Manitoba, to the hydro rate customers. In fact, we know that it's quite the opposite. As soon as they come back into government, they remove the freeze on hydro rates, they start the people of Manitoba going up again on that roller coaster of paying more and more for their energy costs, going up and up and up. We know, Mr. Chairman, because they are the ones who entered into agreements in the '70s that caused that whole steep up-slope in the price of energy to the people who pay the hydro rates in Manitoba.

We know about the 100 percent increase in a matter of less than three years and we know that their agreements are going to do that because the Minister of Energy and Mines won't tell us what's included in the costs of those agreements. He won't tell us whether or not we are factoring in overhead from the hydro system, whether or not we are factoring in all the interest costs and all the capital, what the repayment schedule for capital is, what the maintenance charges, the operating charges, and all those charges are going to be.

We have to believe, Mr. Chairman, that the reason he is not telling us is because the ratepayers are going to pick up all those extra costs, and Northern States Power is going to have a stripped down deal that they are only going to allocate certain costs to and then they can say on paper it's a great deal. On paper, it returns \$1.7 billion but, if you were to factor in all the costs, what are the real costs and what are the real benefits? That's what we want to know and they won't tell us.

In fact, if there are those benefits, why can't he guarantee then that it will stabilize the price of hydro or, in fact, reduce it to the ratepayers of Manitoba? Because it won't do it. In fact, the ratepayers of hydro will pay more because they are not only desperate to make this deal at any cost for their own political life but more than that, Mr. Chairman, they are willing to do it with taxpayers' dollars in Manitoba so that we bear all the responsibility for all the capital investments up front and somebody else will be able to resell it. The bottom line that the Minister of Energy and Mines tells us is that all of the costs are covered.

Well, I have to tell you that Premier Peckford was telling me about the agreement in Newfoundland that they inherited from a similar desperate government, the government of Joey Smallwood in the late '60s, who was willing to enter into any major development agreement to try and create some economic stimulus. It sounds exactly like this government, Mr. Chairman.

What happened was, in those days they entered into an agreement that covered all of their costs. But what are they doing today? Today, they are selling hydro energy to the people of Quebec - Quebec Hydro - for 3.5 cents a kilowatt hour. They are only 10 years into a 50-year agreement and Quebec Hydro is reselling

that for over 30 cents a kilowatt hour on the American market. The net benefit loss, it has been calculated, to the people of Newfoundland today, only 10 years into the agreement, is \$750 million a year. That's because a similar desperate government entered into a similar desperate deal. Why? To create some immediate, short-term construction jobs and economic stimulus and development in Newfoundland.

This Minister tells us that he is going to force the development of that hydro plant before it's forced on a political decision. He says it is not going to be an engineering technical decision; it is going to be a business decision made by politicians; politicians on that side who have no business experience; politicians on that side whose only business desire is to stay in government at any cost to the taxpayer of Manitoba to stay in government - that is what they are willing to do. That's a desperate government and those are the desperate straits that Manitoba is in because of this government's desire to force a development of hydro at any cost to the taxpayer of Manitoba. That's the kind of thing we are dealing with.

Is it any wonder that we are concerned about what we are entering into? Is it any wonder that we are asking legitimate questions that this Minister won't answer, that this Minister backs away from? He won't tell us why Alcoa won't buy the plant themselves. He won't tell us why Alcoa won't invest in the smelter themselves, why they need a 50 percent partner from this government. We know why. Because they want to make sure that they have all their bases covered. They want to make sure that this is a sweetheart arrangement.

There are two factors of concern in establishing an aluminum smelter. One is that your energy costs have to be as low as you can possibly make them in order to make the plant viable. That's the whole essence of their profitability and viability; it is the major component in the cost of producing aluminum. So they enter into a 50 percent partnership with the suppliers of the electrical energy and they ensure that it is going to be a sweetheart deal, because this government will want to make the best possible agreement on the energy pricing so that they can justify their investment in 50 percent of the smelter.

No. 2, they have concerns about the environmental pollution standards, about the emissions, the fluorides. They have all those concerns that the Member for Inkster talked about during the 1981 election campaign. What have they done? They've automatically co-opted the Environmental Regulatory Agency by taking them in as a 50 percent partner. The Government of Manitoba, a 50 percent partner is the Environmental Regulatory Agency. They've automatically eliminated strike two against the potential of an aluminum smelter in the public mind. That's what they've done. These are the people who are willing to get into any conflict of interest situation, into any untenable situation so that they can force the development of hydro resources at any cost to the taxpayer of Manitoba and put the money in somebody else's pocket.

The Minister of Energy and Mines talks about whether or not we were interested in going into cahoots with Premier Lougheed, or Blakeney, and they're going into cahoots with the Aluminum Company of Canada, with Northern States Power, a privately - sorry Aluminum

Company of America, an American multinational corporation - they're going into cahoots with Northern States Power, a privately owned Northern utility, Northern U.S. utility. That's what they're doing and they think that it's better to go into cahoots with those people, those people whose flag they burn, they'd rather go into cahoots with them than they would with two Premiers from Western Canada.

So they're saying to us, you were going into cahoots with them, they're going into cahoots with their American multinational partners, and they're very proud of all this. They believe that this is the way to do it, to ship the profits into the States, to ship the long-term development opportunities into the United States where they will develop industrially with the use of our Hydro, and that's a better deal. That's what they're going to try and convince the people of Manitoba of, is that they're giving a better deal by shipping the profits, and shipping the energy, and the job creation, and the long-term industrial development to the United States; that's a better deal for the people of Manitoba.

Well, Mr. Chairman, you can understand why the people of Manitoba are suspicious; you can understand why the people of Manitoba want to know the answers to these questions because the Minister doesn't want to talk about these things. He only wants to talk about what kind of deals were being contemplated in '81; what kind of deals were being talked about in '81. He doesn't want to talk about the incompetence and the losses of all of the businesses that these people invested in in the '70's when they were the NDP Government of the Schreyer years; he doesn't want to talk about their inability to negotiate, and their bad business dealings; he doesn't want to talk about their forced development of Hydro that cost the taxpayers of Manitoba hundreds of millions of dollars in the '70's; he wants to talk now about what would have been if somebody had signed an agreement that might have been in 1981.

Well, Mr. Chairman, I understand why he doesn't want to respond to all of these questions. I understand why he wants to keep all these details secret - because the people of Manitoba stand to lose. They stand to pay more for their hydro in the long run because of the inappropriate philosophies and business lack of acumen on the part of this Minister, that's what's going to happen in the future, Mr. Chairman.

MR. DEPUTY CHAIRMAN, H. Harapiak: The Minister of Energy and Mines.

HON. W. PARASIUKE: I've been very interested to hear the Leader of the Conservative Party speak at a full shout for about 15 minutes because obviously he was unsure of his facts, and unsure of what he was talking about. He doesn't understand anything about utility pricing, and he should go back and do some work on it and try and figure that out, and I don't have to shout to tell him that. He should understand what's involved in capitalizing a plant, and how the rates change when one brings a new plant into production. With power plants you don't have fine divisibility of the factors of production, you can't bring on a tenth of a dam, you have to bring on the whole dam.

So, therefore, you try and organize a deal in such a way that you can sell some of the power without

accumulating a lot of surpluses, because that's the difficulty with hydro sales, and those difficulties were experienced in the past. But you do bring on stream an asset that is worth a lot more a few years later than it was before. We have been doing that with the Northern States Power sale and we have an excellent sale prospect.

All I can say, after hearing the ranting and raving from the Leader of the Opposition, is that I think we have to call him - once a million Filmon, once a billion. Scoffing at \$1.7 billion, and saying that we're not making guarantees. We are saying it is going to benefit the people of Manitoba, it'll benefit the hydro users. Imagine the difference, imagine the happy question — (Interjection) — If the Leader of the Conservative Party would just, sort of, get hold of himself and listen for a few minutes and learn.

What we are doing, is it possible, I will take this slowly, is it possible, if we make \$1.7 billion profit to have an impact on the future of our hydro rates? Yes it is. I acknowledge that it is, and we will ensure that there is a very beneficial impact on hydro rates in the future. That is possible because we do have a \$1.7 billion projected profit. Would it be possible for the Conservative Government, had they remained in office and had they consummated a deal, to have in fact made the same type of commitment when they had sold all the power of a dam at cost for 25 years? The 25th year to the 35th year they had a chance to take some profit but that was constrained as well. When, in that interval of 25 years, because you've given up all the power at cost, you have to bring on other high cost production which the ratepayers of Manitoba have to pick up without a profit cushion to stabilize those rates, which we are talking about and you never.

MR. G. FILMON: We had the freeze.

HON. W. PARASIUK: You had a freeze. They had a freeze which everyone said lost money with a taxpayers subsidy on that as well switching from one pocket to the other, and you want to hang your hat on that and the business community won't respect that type of position, they won't respect this. But I'm very pleased that members of the opposition went on record tonight, very clearly went on record, went on record rashly, unclearly saying that they did have discussions with other groups; that they turned their backs on that; that they don't want to deal with any possibility that creates or produces profit for the people of Manitoba; that they ask us if we will ensure that there'll be some impact of a beneficial nature on rates, and we say, yes there will be. That is more than could have done; more than they could say; more than they could commit to.

They don't understand utility pricing at all; they don't understand any of the elements; they try and compare this to a Newfoundland deal. The problem is Quebec's in the driver's seat and that's why we say that a situation, for example, where you sell a portion of a hydro dam to a private entity takes away from the people of Manitoba the opportunity of earning wealth on an investment which is a marvelous investment.

Hydro dams in the world today are a superb investment. They are a far better investment, nuclear or thermal, and everyone knows that, and everyone

understands that; and they wouldn't keep an investment position, they would sell that off and also through an Order-in-Council and through discussions with Inco talk about giving up another hydro dam on the Burntwood. If they did that what would Interprovincial Pipelines say? What would Trans-Canada Pipeline say?

We're in the process of negotiating with Trans-Canada Pipelines right now because we believe that they can pump their natural gas with electricity, we can make a return on that and they can save a non-renewable resource, either for fuel or feed stock. They will be a big user of electricity, as are Interprovincial Pipelines. All of these people would love to own a piece of the dam. They'd all like to own a piece of the rock if, in fact, a government was as short-sighted as the Conservative government to sell them it. That's the Newfoundland syndrome. Look closely into a mirror. You know, there were editorials about a person being afraid of the dark. That's exactly what we're having now, a complete and total negative approach on this. Those are concerns that they raised, the questions that they raised.

We said, last week, that we were prepared to meet on Friday and Saturday. We'll be meeting this Thursday; we'll meet this Friday; we'll meet this Saturday, whatever time is required to go through this. But what we find so strange today is, if they have those type of concerns about this particular arrangement, which we say, fine, they're valid concerns, we should sit down and go through them. Where was this Leader of the Conservative Party three years ago when he was a member of the Conservative Cabinet? Did you review those agreements? Are you satisfied with them? Do you guarantee them? Do you vouch for them, because when we look to the past and say, where were you then, he says, don't talk about that. We're saying it's rather strange that you've raised these points today and we say, we will deal with them.

HON. V. SCHROEDER: You complained for three years that we didn't go ahead with it.

HON. W. PARASIUK: That's right, having complained for three years we're not doing things, now we do things and they raise all these points. We say, fine, you raise all these points but it's rather strange to us that you didn't raise them three years ago. Why didn't you raise them three years ago? Did you? I've never found any of the points raised three years ago. What would the future price of a sale be if Alcan did sell it back to the province, because you are taking out of commission for long-term reference for Manitoba, forever basically, something in the order of 350 to 400 megawatts of power. That's worth an enormous amount of money.

You can sit down with any financial analyst anywhere in the world, sit down and show him - and we have investors and we have financiers who come into Manitoba. They come to Manitoba and they go and they take a look at our Northern Hydro dams and I'm not sure whether the previous government did that or not, but we have; and when they come up and see our dams and they see the water running through the dams and they understand what's involved, they say to us, you have an incredibly marvellous asset. They just gush with joy because they realize what a strong position that puts Manitoba into.

They would have sold it and we are keeping it. They are saying to us, well, you're taking risk by owning a hydro dam. What stupidity. We are taking risk. We are going to get a tremendous return from our owning a hydro dam, a far greater return. Let me assure the Member for Turtle Mountain that we would make, as a society, and will make, a far greater return by owning the hydro dam than by selling a portion to Alcan or by selling a whole dam and the right of a dam to Burntwood and we, in fact, understand that on this side.

The other people say, somehow, that you wouldn't make a return by owning an asset that conceivably can run virtually forever and create wealth and create prosperity for this province. A phenomenal difference, and the points that the Leader of the Conservative Party belatedly raises three years later, we will in fact deal with. We provided far more information and we will provide far more information and we will take this before the Public Utilities Committee and it will go before the National Energy Board and it will be looked at. There's a very good process of review.

The interesting thing is - this reflects on his role as a Cabinet Minister and the potential role, and it's something that the people of Manitoba will have to consider, whether in fact he's got it within him to lead a government - whether in fact . . .

HON. V. SCHROEDER: We should get the Energy Board to rule on whether we get a better deal here than in Alberta.

HON. W. PARASIUK: That's a good possibility. Where was he three years ago? Was he in the woods? Was he hiding? Was he involved? Was he not involved? The only area of responsibility he had was rent controls and we know what he did with that. Claim to fame.

HON. V. SCHROEDER: They lost an election on that.

HON. W. PARASIUK: He kept saying at that time, if I can recall, rent controls, his form of rent decontrol was perfect. I guess we're going to have an interesting question in the future as to whether in fact the former Minister of rent can decontrol; if ever elected, would become the Premier of rent decontrol for sure, and he will have to deal with those types of questions. He cannot escape the past totally, as none of us can.

We're prepared to deal with things on a factual basis. One of the things that I find totally astounding is that they accuse us of a conflict of interest when we have said that over the sale of an agreement, we would in fact ensure that Hydro recovers all of its costs and that's a principle of negotiations. We've stated that emphatically, consistently, without having to change legislation, unlike the Conservative arrangement, whereby they had to change legislation to sell a portion of the rock, to sell a portion of the dam - massive conflicts involved in that that he doesn't even remember, doesn't get into.

Then he says that there's a conflict because, if the province takes a position with respect to a smelter, that somehow this will prejudice the entire environmental assessment review process of the Province of Manitoba. What utter claptrap. We have

joint activity with Trout Lake. Does that prejudice the entire environmental review process? We have Tantalum Mines. Does that prejudice the entire environmental review process? Was that the case when the Conservatives were in office? I don't believe so.

I believe that the environmental review process has integrity. It'll be conducted under the aegis of a different Minister, and that's how you do divide up those responsibilities and accountability and there the staff do have integrity. If he's saying that any joint position that the province has in anything, somehow means that it will not be properly assessed from an environmental perspective, I say that is complete and total foolishness. We reject that entirely and the proof of the pudding would be in the hearings. If in fact there is an agreement to proceed, there would be a full set of public hearings. There would be an opportunity for the public to participate and they would have an excellent opportunity to have the full legitimate process. — (Interjection) — This person has as forced a laugh as John Turner sometimes.

Well — (Interjection) — if there are punks around, you can't look much higher. All I say, I think we've had a pretty good discussion until some element just entered into the House, the usual element that crawls in occasionally and interjects in the way in which he's done. I don't mind his sitting anywhere. I find, if the member also just somehow — (Interjection) — Are you talking about the Rhodes Scholarship? I sit on this selection committee for them and let me assure you, you wouldn't even come close to being considered. I was incredibly rudely interrupted by the Member for Pembina who has not been part of the process, who has come in here and has been incredibly rude, but that's fair enough. That happens from time to time.

MR. CHAIRMAN, P. EYLER: Order please, order. The Member for Pembina will have his chance to enter into this debate.

HON. W. PARASIUK: I would expect that he would. He would get up in his usual style and talk about the substances as did the Member for Arthur. All he did was drag personalities. That's the normal type of thing for them to do.

We do have some very interesting differences in approach. Everything is clear; it's on the record tonight. The Conservative position is clearly on the record. They are against the Northern States Power deal. That is clear. They are against the Alcoa possibility. That is clear. What they have not stated to date yet is whether in fact they're against the pursuit of any of the other options to the south of us or to the west of us. We haven't heard that yet but they've dug themselves deep in the hole on two of them. Would they like us to give up the \$1.7 billion projected profit and turn around and try and do something, even though Alberta and Saskatchewan say they don't need the power? Is that the other option that they say, give up the 1.7? That's clear what they're saying. Do they say we should turn our back on potash because there is a possibility of a joint venture with a mine that is shallower than the previous one, even though we're having discussions? Do they want us to turn our backs on those developments? Is that what they are saying with those

other two? They haven't come clear on those other two possibilities, but it is clear, Mr. Chairman, where they stand with respect to Northern States Power, they're against it. They are against it on the basis of being completely and totally negative and that comes through from the Leader of the Conservative Party, but occasionally other members on their side try and get involved in the debate and they say some interesting things.

We heard the Member for Rhineland talk insistently that he was being against this and then we say are you against it, and he said well wait I don't know about it fully yet. He spent all of his speech saying that he was against it. So, we have an interesting thing to talk about over the course of the summer and we'll do it. We will go out and see the public. We'll meet the business groups, we'll meet other groups. We will say, we think that this is a reasonable way for Hydro to develop. We think that it is reasonable for Hydro, the people of Manitoba, to make a profit of \$1.7 billion. We think it's reasonable to proceed at the most economic time with the construction of Limestone. The Conservatives don't believe that, but what do you believe?

We'll listen to what they have to say and we'll come back when we report to the House as to what they are saying about the possibilities of these developments. Businessmen, the look-through, I can't understand the logic, but it's on paper as to what the Conservative position with these developments is. Our position is quite clear. We'll take the Hansard, we'll go out and talk to the business community and to others. We'll come back with their responses because the responses we've been hearing from the business community that we've talked to, to date, has been very very encouraging and the response that we've heard from the financial community that looked at this has been very very encouraging so, Mr. Chairman, we are being the responsible people in this respect.

We have confidence in Manitoba's future. We are proceeding to ensure that that future is realized to the fullest extent possible. We will continue to be the doers and, obviously, the Conservative Party will continue to be the knockers.

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, I heard something rather amazing tonight. I came home from a constituency event and turned on the television at Channel 9 and I was very surprised to hear the Minister yelling. He said he hadn't been yelling, but, certainly, when I heard him he was — (Interjection) — he was screaming his head off.

Mr. Chairman, I thought it might be interesting to come down to the House to hear the balance of the debate and what we hear is just a little bit amazing. The Premier makes a big thing about hitting the agreement and saying would you rather have this than the Western Power Grid?

Mr. Chairman, at no time did our government say to anybody that the Western Power Grid was going to bring a tremendous amount of profits immediately. The Western Power Grid was designed to put Western Canada in the position of having the best energy

resource in the world. We have coal, we have oil, we have sunshine, we have solar power. We wanted to have a Western Power Grid that it would have given Western Canada and Canadians the best power resource in the world.

Now, the Minister makes a big thing about taking people up to show them the power resource, how great it is, and we were working with the other Western provinces, including Saskatchewan which was NDP at that time, to develop a power energy resource within Western Canada that would be second to none and then be in the position to create jobs for Canadians, Manitobans, and Western Canadians.

You know, it may sound like a bit of a dream, but the dream — (Interjection) — let me finish, let me finish. The dream was there and we were working towards having it. I'd like the members on the other side to stand up and say they would be opposed to such a thing. Would you be opposed to having a Western Power Grid for the benefit of Western Canadians, Manitobans? The costs were there, they were recoverable. It wasn't a profit and nobody ever said that there was. The long term was jobs in Manitoba and Western Canada.

Now, Mr. Chairman, they also stand up and say so is this because of the development on the Nelson. The Minister can't truly say that the power sale to the Northern States is complete legitimacy for starting Limestone, because the capacity is already there. The capacity to do that job is already there and the Minister knows it. I'm afraid the Premier better take a second look, the capacity to supply it is there right now.

Now, Mr. Chairman, we've talked about this \$1.7 billion, but talk about the \$1.7 billion of profit? It's been said here tonight, where is the profit and will it be there? I have suspicions that a socialist government would take that profit and go into another Saunders Aircraft, go into another Flyer, and go into all kinds of businesses that would lose money because they haven't — (Interjection) — Well, helicopters are not being made here because the deal wasn't good.

CFI, Mr. Chairman, I remember the previous Premier standing up right where that Premier is right now with the heads of CFI sitting in the gallery saying I have just negotiated a new deal and everything is all right and that's in Hansard. — (Interjection) — That's in Hansard. That's in Hansard and he went ahead with it.

Now, we've got these arrangements at the present time where if you are selling it's logical. Is anybody here going to argue with me that when you sell some power to Northern States Power that they're not going to sell it at a profit? They must have a price that they can sell it at a profit or they wouldn't buy it. Everybody's talking about profit. You want the profit, obviously they have a profit. So, Mr. Chairman, but you haven't told us what the money is going to be used for and will the original deal when it's examined show us that kind of money?

Mr. Chairman, now let's go back to the Power Grid for a minute. Will you tell me why the Minister of Mines and Energy of the Province of Manitoba went back crawling on his hands and knees to get the same arrangement we have offered? Well, Mr. Moncur publicly stated that it was rather embarrassing that they had to sit there and say we've got the same arrangement that was previously offered to us after you bungled it.

You see the Premier is back now, it's kind of hurting isn't it? He knows what happened.

A MEMBER: Were you in Cabinet when he went back to the . . .

MR. F. JOHNSTON: Yes. Now let me say, were you the Premier when he wrote a letter to the Western provinces asking him if they were still interested in the Power Grid? Why did he write the letter?

SOME HONOURABLE MEMBERS: Oh, oh!

A MEMBER: Where were you guys? Did you say, okay, go ahead.

MR. F. JOHNSTON: No, but, Mr. Chairman, after the Moncur thing, he tabled during this Session or just a while ago a letter inviting the other provinces to come back into the Western Power Grid. You know why he wrote that letter? It is just to sort of have some little bit of protection because he was now having partners in the United States instead of Canada. He wanted to be able to say, "I invited you back in," knowing that because the two years had gone by, they couldn't, but he wrote the letter anyway. Bungler, that's what he is.

Mr. Chairman, two years later, I said the Minister wrote a letter. Why? Because the economies of those provinces had gone down, but we had an arrangement with them that he went back on his hands and knees and crawled on his belly to give to them.

Now, Mr. Chairman, the Alcan deal. He now takes people up to our northern power plants to show them what a great resource we have. He says that these people say, "My gosh, you are in the driver's seat, you've got all this wonderful great heritage power resource." If it is so good, why are you offering to buy 50 percent of the person's plant?

Mr. Chairman, if it's so good, if you have such a resource and they are all clamouring to come here because it's so good, why did you offer to own half of the smelter? Isn't it amazing? Even a little child can understand this. Alcoa has said we don't want to own a part of the power plant. Why do you have to own part of the power plant when your partner in the smelter owns the power plant? And will they come without that offer? — (Interjection) — I'll get to that. I'll get to it, yes, as we know, but right now, yes. You want to hear it any plainer?

Mr. Chairman, the Alcoa arrangement, all of a sudden we had an arrangement whereby, like a condominium, Hydro would own the plant and Alcan would have owned a couple of generators in it and paid \$500 million to do it. Hydro would have been responsible for the maintenance, Alcan would have paid towards the maintenance, that plant would have paid the water rates that were set by the Premier or the Minister, all of those things, and paid \$500 million towards it off the Manitoba taxpayer's back. — (Interjection) — Wait a minute. We'll get to the buy-back in a minute because there is an interesting buy-back that's history in Manitoba.

So all of a sudden now we have \$500 million that is not being paid for by Alcoa towards the plant and now we are going to have another \$400 million investment by the people of Manitoba in a smelter. That is going to be close to a billion dollars more financing on the backs of Manitoba people. You are not going to own 50 percent of Alcoa; you are going to own 50 percent

of that smelter, and how long does it take to make that kind of profit and pay back those interest rates?

You talk about the buy-back - HBM & S sold back a power plant to the Province of Saskatchewan. It was all done, the price was negotiated in the local courts. There was no agreement that it would go outside of the province into other negotiations. The same thing would have applied in this deal. It would not have gone outside the local courts and the Minister knows that because the negotiations were there to be done within this province. Check it out.

Now Saskatchewan, I understand, maybe they shouldn't have got it back, the economies of it, but when you go into a buy-back, when you go into an arrangement such as this, would we want to stand here as legislators and have our colleagues, who are here several years from now, saying you didn't make any provisions at all? You mean it's just in limbo? Well, I told you. They were like a condominium within an apartment block.

Now we have a situation where Alcoa has an arrangement that will cost them a billion dollars less than it would have cost Alcan. — (Interjection) — The Minister just said, "That's right." The Premier seems to think that's fine. The Premier doesn't realize that maybe Alcoa might have come because we are sitting on this tremendous power resource that they have up North, maybe they would have come.

Mr. Chairman, I would challenge the Premier to do what we did. I would challenge him to invite the chairman of the board or the president of Alcoa Smelters to bring his staff to Room 254, the same as Mr. Rich, the president of Alcan Smelters, did and sit in 254 with the members of this Legislature and let us question him. No, I didn't do it. You are so damn big, go out and do it. Be a man.

A MEMBER: I pick somebody.

MR. F. JOHNSTON: There we are.

A MEMBER: I would ask him though, the Premier.

MR. F. JOHNSTON: Well, that's what happened. He sat there and listened and decided to go out on his campaign during election, saying we were going to sell Hydro, we were going to give it away.

I just heard somebody say, "We were." We were selling nothing; we were allowing a company to own two generators within a plant that Hydro owned. That's the fact of the matter.

A MEMBER: And Inco.

MR. F. JOHNSTON: I don't know of any negotiations with Inco. If you want to go into the negotiations with Inco that were history, Inco had some very generous arrangements to have their power plant years ago within this province. Inco put up a lot of the money towards that plant and borrowed, interest, etc., rates so that plant would be there for their use.

Mr. Chairman, then the Minister of Finance gets up and tells us how good the deal is for Alcoa. The Minister of Finance talks about all the wonderful things that are going to happen for Alcoa with this arrangement. The

Minister of Finance, you know he whistles in the dark most of the time. He is called Mr. Stupidly, he can't answer questions in his Estimates, and then, while everybody was arguing about what a good deal it was for Manitoba, the Minister of Finance was saying what a good deal it was for Alcoa.

Mr. Chairman, the sales of interruptible power have been going on. There was absolutely no back turning. The Premier gets up and makes statements about we turned our back on the southern purchasers. Mr. Chairman, I was here when the Leader spoke. I heard the Member for Rhineland speak. He didn't say we turned our back on them. — (Interjection) — Well, Mr. Chairman, I would like to make a — (Interjection) — now, they're all upset again. You see this the government that misquotes people. He said he was down there and knew all about them? Is that what he said? He was down there and knew all about them? Was he down there and knew all about them? Did he say he turned his back on them? He did not. There was no turning back. There was negotiations to try and get the power lines if possible group. All of those things were going on.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. F. JOHNSTON: Mr. Chairman, do you want me to tell you what I think he would have said? I think he would have said we would have liked to have the Power Grid. Just the same as the Minister of Energy and Mines went back crawling to get the same agreement. We would like to have had the Power Grid for the benefit of Western Canada, but there was no time we turned our backs on the southern purchasers. — (Interjection) — I hear the Minister up there saying we sure did — (Interjection) — We will.

Mr. Chairman, I'm hearing from that little twit over there — (Interjection) — there's no message from that member that I would like at anytime. — (Interjection) — No, people like him I don't like, that's simple as that. So, Mr. Chairman, — (Interjection) — well, Mr. Chairman, his record is obvious.

So, Mr. Chairman, I'm telling you that at no time did we ever turn off the possibility of having sales to the south of us at any time. If my Leader said he knew about them, if my Leader said that he would prefer to have the Power Grid . . .

MR. G. FILMON: I didn't say that.

MR. F. JOHNSTON: Well, if he did . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. F. JOHNSTON: If he didn't say that — (Interjection) — okay, we'll leave it. If he didn't say it, I am saying right now I would have liked to have had the Power Grid the same as that government wanted to have the Power Grid, the same as that government went back and offered it, the same as that government put it in their prospectus when they went out to borrow money, that they were doing it just the same as that government did.

So, Mr. Chairman, those are the facts. It's typical socialist. When you corner them, they laugh and yell.

The Premier has just come from his course that he took on how to be on television and how to smile at you and how to put his hands up and what-have-you, and you know we know what it's all about. Mr. Chairman, we had — (Interjection) — a Minister of Mines and Energy who has more authority than he should have in this government and he bungled three deals. His admission and the admission that he wants to have an aluminum plant - he's negotiating one but he's into a bad deal - an admission that he wants to have a potash plant and the company he's dealing with obviously doesn't have any sales force because he's hired a guy to travel around the world to try to sell it ahead of time. He wants to have potash - he knows it's good - and he wants to sell power, but he wasn't able to put in a Western Power Grid because he bungled that, so he walks off down to our regular customers who are ready to have a deal negotiated with and negotiate it. Those are the fact, Mr. Chairman.

This government is out there on the street — (Interjection) — in the cook shacks of Clear Lake. Every place that I travel around they say this government is not capable of handling that. This government is not capable of having that.

I travel with — (Interjection) — just a minute. I had somebody say to me what kind of company do I keep when I'm travelling. It's my wife, do you have any objection? I just wondered if you have any objection. — (Interjection) —

So, Mr. Chairman, this government is known out there for bungling up the others, trying to put it altogether, making a bit of a mess of it, not telling us what to do. Mr. Chairman, let's have the president of Alcoa in Room 254, the same as Mr. Rich was there.

MR. CHAIRMAN: Mr. Minister.

HON. W. PARASIUK: I thought maybe we were reaching a stage where we were going to have some sanity. I guess they pulled in their heavy hitter. What a heavy hitter, dragging himself out from home to come in here to defend the Conservative position, debating with his Leader through the course of his speech, differing with him. "I didn't say this." "No, you did say this." "If you said this, if you didn't say that." — (Interjection) — Clear, clear, clear, a clear position.

Let's do a wee bit of arithmetic. I won't go too fast for you, okay? He talked about the Alcan position. They're just going to own a couple of generators, just a couple of generators — (Interjection) — condominiums. Interesting thing here. The original cost for Island Falls is something in the order of \$10 million. The settled price the Saskatchewan Government paid Hudson Bay Mining and Smelting was, I think, \$68.5 million, roughly seven times the original cost. Okay? It was built in the '30s through a period where there really wasn't very much inflation for about possibly a 25-30 year period, but we've experienced a fair amount of cost escalation and inflation. So, if we apply seven times that - we've had more inflation, very much more than they had during the Depression, what took place during the War because of the controls that existed - you would talk about seven times \$500 million and what does that come out to? \$3.5 billion for whom? — (Interjection) —

MR. F. JOHNSTON: Was it negotiated?

HON. W. PARASIUK: For whom?

MR. F. JOHNSTON: Was it negotiated?

HON. W. PARASIUK: Yes, it was.

MR. F. JOHNSTON: Thank you . . .

HON. W. PARASIUK: It was — (Interjection) — Wait a second, the interesting thing is did the Conservative Government tell us that they had negotiated that deal when they had the people from Alcan sitting out there? No, they never. Does the Minister know that was the negotiated position between the Government of Manitoba, the Conservative Government, and Alcan? Were you aware of that?

Yet that agreement was reached, that if there was a sale, it would be at full market value, did you know that? No, you never, you should have.

Secondly, it was negotiated, reached by the Conservative Government and they agreed to it. Did you realize that was in there?

MR. CHAIRMAN: The Honourable Leader of the Opposition on a point of order.

MR. G. FILMON: I wonder if the Minister would submit to a question?

HON. W. PARASIUK: I would certainly be pleased to submit to a question, oh, I'll submit to it now and I'll come back to his points. Yes, I'll submit now.

MR. G. FILMON: Mr. Chairman, I assume that the reason that the Minister is bringing up the Island Falls Agreement is that he believes that Saskatchewan had to pay too much to buy it back.

Does he believe then that Hudson Bay Mining and Smelting would buy back that power plant for the same price today for \$68.5 million or whatever it was?

MR. CHAIRMAN: Mr. Minister.

HON. W. PARASIUK: I believe that one of the reasons why Saskatchewan bought it for \$68.5 million was frankly in my estimation too little. There was built into that agreement an option that Hudson Bay Mining and Smelting could buy it back one year later for \$68.5 million. So what it was, was a convenient form of providing some financing for Hudson Bay Mining and Smelter. I also know that when they tried to exercise that they have not been able to conclude it because there were differences of opinion as to what it's worth. My point very clearly is that when you have an asset like Hydro it'll appreciate tremendously, so why not keep the ownership of it publicly if it already is in the public domain? That is the point, clearly.

The Member for Sturgeon Creek says, well, it's okay, you can sell off all those things because "it's negotiative." Well, that's a stupid negotiation.

MR. CHAIRMAN: Order please. The Leader of the Opposition on a point of order.

MR. G. FILMON: Mr. Chairman, do the people of Manitoba own the water that runs through the Hydro plants? If so, could they charge increasing rates for the use of the water that goes through . . . ?

HON. W. PARASIUK: That's an interesting point, especially if you have constraints put on how you can raise water rentals. That was built into the agreement as well, and I'm not sure whether the member was aware of that. Was the Member for Sturgeon Creek aware of that? Were you aware that the amount by which you could increase water rentals was constrained which undermines the whole Chase Econometric Study? Were you aware of that? They say no. Were you also — (Interjection) — because you couldn't increase it by too much per year. We can provide that, and I don't have that here but it is there. Do you want me to provide it?

Secondly, were you aware that in the Western Inter-tie, because water rentals have to apply consistently, that water rental increases had to be agreed to by all three parties? So what you were doing was conducting two negotiations saying we have complete and total flexibility with water rental rates. So what we have here are the Conservatives trying to say that they had complete and total flexibility with water rental rates when they had built into the tentative agreements that they were discussing limits to how they could increase water rental rates. Were you aware of that? You should check into it; it'd be very important. We in Manitoba have complete control over how water rental rates will go up.

Now, obviously the Member for Sturgeon Creek was not aware of that, and the Conservative Leader of the Opposition was not aware of it either. This is almost like the Book of Revelation. What he's saying . . .

A MEMBER: Why don't you go offer him the same deal?

HON. W. PARASIUK: Then I want to come to that because that's interesting, but I want to raise some other points.

Is the Member for Sturgeon Creek, when he was a Cabinet Minister, aware that the government, that he was the Cabinet Minister of, had discussions with Inco regarding Inco's owning a power dam on the Burntwood River? Were you aware of that?

MR. CHAIRMAN: The Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, he's asking me a question. I'm very aware that the Minister of Mines and Energy during the previous government was in negotiations with Inco because their agreements were coming to an end and he was in negotiations with them. There was nothing presented as far as Inco owning any plant that I'm aware of, or the Cabinet.

HON. W. PARASIUK: I will then table, and I don't have it here, but I'll certainly table it. You would like to see the draft O/C, would you like to see the draft O/C? I raised that point with Inco and they said we raised it with the previous government, we dropped the issue with an NDP Government - because they understood our position. You weren't aware of that though?

A MEMBER: Never heard of that.

HON. W. PARASIUK: That's too bad. Were you, Gary, aware of that? So it's interesting because now we are moving from the concept of just two generators on a condominium basis. — (Interjection) — I didn't know that. Well, oh, it had to come to Cabinet. Were you aware that when the Alcan people were negotiating and your own negotiators didn't want you to cave in and allow Alcan to sell you back a smelter at their market value, or a dam at their market value? They objected to that and that decision was made at the political level. Well, were you aware of that, were you? Because that takes it a bit further then. Well, it was a condominium concept with two generators. You weren't aware of that? You should have been, you should have done your homework.

The Minister of Economic Development wasn't there, didn't look at it. Now he comes along and says, well, you're doing these things. I want to take you back through the discussions on this. I believe it was the present speaker who raised concerns when we were talking about the Western Inter-tie. He consistently said are you looking at other options to the south? We believe that it would be possible to make more money off Hydro sales if you explored the options to the south. They said no. We said, well, can you tell us what the cost differentials are? They said that's confidential information - asked for information consistently on that.

So our position was we believe these other options should be explored. We aren't against a Western Inter-tie in principle, we're not against any major developments in principle, we're concerned about the deal. You're in sense saying some of those things right now, and you say the proof of the pudding is in the eating. We believe that our interests should have been protected and we took the position in the campaign that we would do our best to achieve these while trying to protect Manitoba's interest but we were clear on one point. We were clear on one point, and that one point is that we said that we would not give up ownership in a Hydro dam or dams to private entities. We were very clear on that. That was an issue, and because we took that position, do you realize all the ads that were run saying NDP is against all these projects, don't stop us now? But we did take the position. Now, wait a second, the interesting thing, isn't it interesting? They asked for points, I get up and I raise points, and as soon as we start raising some of these points the response is call an election.

You asked for an explanation, I'm giving you an explanation of that position. We said we would be prepared to pursue those and we were concerned, very concerned, about the Western Inter-tie. And the points put forward were four, put forward by Hydro. And I don't know if you were here then when I asked the Member for Rhineland, who is a member of the Board of Manitoba Hydro, if he had seen the Western Inter-tie Agreement, if the Hydro Board had looked at it? He wouldn't comment on that. He said I don't want to answer that question. He would answer questions from my colleague, but he wouldn't answer that question. — (Interjection) — That's right.

The interesting thing was that there were concerns raised; we raised those concerns. We tried to improve

Manitoba's position, and it was a difficult time because there was a lot of recession just starting to emerge but what we got was two things. That hadn't been clarified. We got some commitment from the Federal Government regarding financing assistance. We said as a trade-off that we on the basis of federal financing - federal financing in the past has been important for Hydro development, I think it was important in the initial stages of the Nelson River Development - that we would be flexible in these other areas. But we did that on the basis of getting something from the feds because we were trying to, you know, it's difficult, because I don't think that negotiation proceeded well from the initial stages because the options weren't considered. You had the opportunity - you may not realize it, but it is documented - of pursuing options with WAPA, you had the opportunity of pursuing options with other groups, and you could have been able to, in a sense, pick the best or argue from a position or negotiate from a position of strength, but you gave up all of those options. You gave them up. We only had one type of option which we said was the wrong approach. Do you want me to provide you with that information? Well, fine, you did say that we will not talk to you about these items until we conclude the Western Inter-tie negotiations. Is that the way in which you have your strongest hand? By giving up your options and right at the end, right during the campaign, say we'll do this, knowing full well, as well, that you had a two year negotiating process after that? You didn't table anything but you did put it into all of your ads. You raised a lot of expectations on that basis. Did you say we have an agreement that will take two years to conclude? Is that what you are saying?

MR. F. JOHNSTON: How many will it take you to conclude your agreement?

HON. W. PARASIUK: Well, we have concluded one, that's right. One over zero is virtually infinity in terms of a difference.

It took two years from a standing start from nowhere to get there because you have closed the other doors.

A MEMBER: You could have done it.

HON. W. PARASIUK: That's right. Had you looked at some of the options, you might have been in a better position, but you didn't. Why would you have turned your back on those other options? Now that is the major question. At least \$1.7 billion, they turned their backs on it because for three Throne Speeches, without having pulled together very much, they have put it consistently into their Throne Speech, raising a whole set of expectations without ever covering the options, without ever protecting the interests of the people of Manitoba fully.

We tried to conclude something there but if I would have had my druthers, I would have loved to have had the other options, and we have the other options now. I am contacting Saskatchewan and Alberta and I am saying sure, we are interested in the grid, but it has to be on pretty fair terms. We are in a stronger bargaining position right now than we were three years ago because we checked out the options that you turned your back on.

The people of Manitoba have looked. They said, well, as long as we didn't do, hadn't done anything, having gone through the worst recession the great Depression of the '30s the Conservatives could build up the spectre that we couldn't do anything. The interesting thing with that, though, is that you built that whole issue up. You built up the expectation. You know what's happened? We do have an agreement, we will have others, and we will have development. You have got all the people asking whether we will do it and we are doing it. We will spend the summer talking to people, asking them whether they think it makes sense.

Let me assure you, from the response that we have received to date, they are completely and totally enthusiastic. They want to be part of a positive development in Manitoba, they want to be part of a positive development process, and the only people who are out in the cold right now are the Conservative Party with their sour grapes. I don't believe it's the party, by the way. I believe it's only the caucus and some members of the party because there are a lot of Conservative Party members who are very very supportive of these developments. So I guess we can say that time will indeed tell with respect to these. We will certainly go forward; we do have confidence.

When people allude to the Newfoundland situation, the interesting thing with Newfoundland is that Newfoundland didn't think they could do it by themselves. They went to Brinco; they went to Quebec; they didn't have the belief that they could accomplish it themselves, whereas we in fact have the confidence that we can do it. That's why when people say why put up a billion dollars for a hydro plant, let Alcan put up the money, let Brinco put up the money, let Quebec put up the money, isn't that the attitude of the past that didn't work? That is the attitude, that's what hurt them, and with respect to a smelter, with the numbers, and you weren't here earlier, I said if the numbers show that this is a very good business proposition, if our operating costs are so much lower than virtually all the other electricity producers in the world, let's do it and let's create wealth for Manitoba and keep it in the province. We say that that's a good approach. It's a good approach for the future. What's wrong with that? Is it any different? In fact it's a better type of proposition because we have such strong comparative advantage on operating costs compared to a potash possibility. Were you aware that the Conservative Government of Manitoba was prepared to put 25 percent, up to 40 percent equity into a potash mine in Manitoba? That was okay then, right? That's okay then.

MR. F. JOHNSTON: The mineral was in the ground
. . .

HON. W. PARASIUKE: Oh, it's in the ground. We're not as strong, competitively with Saskatchewan with respect to that ore deposit. It's deep but it's okay, that's okay. We have water flowing through our dams forever. We have water flowing - that is our comparative advantage.

A MEMBER: Through the power plant.

HON. W. PARASIUKE: Through the power plant, that's right, and if you can use that predictable power pricing

to generate aluminum, produce aluminum competitively in the world - and we've been looking at how the aluminum industry has been rationalizing away from high cost producers and the high cost producers are in areas where the electricity costs are escalating tremendously, so we do have comparative advantage and we also recognize that there's a comparative disadvantage and that's transportation. I think the member understands that aspect of it.

We're saying we'll look at those numbers and if it makes sense, it's a wise investment from Manitoba's prospective and we will retain the ownership of the hydro dam and we will pay off the hydro dam. Its costs will be paid for in proportional terms. The hydro costs over the life of the contract with Alcoa will in fact be recaptured, so we'll have paid down the plant as other producers pay down their share of the plant for the use they make of it. We think that's a good solid business deal for Manitoba and we think that the Northern States deal is a very good business deal for Manitoba. What it does, it does sell power at a profit. We're going to get a very interesting reversal of roles. We are always accused by the Conservatives of being anti-profit. We are against unconscionable profit and we have said that consistently, but we're not against profit. Here we have a situation where the people of Manitoba and Manitoba Hydro can make a profit and the Conservatives are fully against, totally against making a profit. What they say is you should sell it at cost and the Member for Sturgeon Creek today admitted that their approach - and they said we never said anything different - we were going to sell power at cost for 25 years to Saskatchewan and Alberta.

A MEMBER: To have a power grid.

HON. W. PARASIUKE: To have a power grid. We will in fact have . . .

A MEMBER: We'll have them too.

HON. W. PARASIUKE: That's right. We are establishing links with the United States and we don't preclude links east and west. We have some links. It wasn't a full grid, by the way, and I think the technical people would inform you of that. It was called an Inter-tie and they said there was a substantial difference between that. Secondly when you talk about resales, I will look at the Western Inter-tie agreement, because we had raised that point. There was nothing in there regarding resale in Saskatchewan or Alberta. There was nothing in there. I'm not sure if you're aware of it.

So the point is that you have staked out your position very clearly tonight, staked it out clearly, emphatically. No, we're against this. We have said we believe that these are good deals for Manitoba. We will look at them later this week. They'll go before the National Energy Board. They'll be reviewed then, discussed then with the people of Manitoba. Ultimately the people of Manitoba will be the judge, but I can assure you, we on this side believe there is nothing at all wrong. In fact we believe it's preferable for us to keep the ownership of our hydro resources so that we can generate those profits into the future and keep them in Manitoba and we've shown that we can generate

profit with it. We also show that we can keep that in Manitoba and some people are now debating well, we don't want you to make a profit because you might use it for economic development, you might use it to create more jobs or to create more balanced development. Because with \$1.7 billion you can do a lot. You can do a lot with economic development; you can also do a lot with respect to stabilizing Hydro rates, can't you? That's a very, very happy question that we have to deal with and we will deal with them. Let me assure you, the people of Manitoba will be the long-term beneficiaries, far greater beneficiaries, at least 1.7 times, 1.7 billion times more than would have been generated under the stewardships of the Conservative Party. That, as I believe the Member for Arthur indicated, that is the issue that the people of Manitoba will fight the next election on.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Thank you, Mr. Chairman.

Something I'd like to point out to the members opposite, Mr. Chairman, and that is that they're now past the half-way mark in their term of government. Even if they opt to stay for the full five years, they're now past the half-way mark. It certainly raises in my mind why they are looking backwards so much.

I can understand that when a government first comes in, there are some points to be made and looking back and condemning what the previous government was doing and trying to justify their position, but once you get past the half-way, Mr. Chairman, that next election starts to close in on you. You're getting closer to that instead of closer to where they were before and that starts to lengthen out and the public begins to say, "When is this government going to take responsibility for what they're doing?" That's the question that is being raised now.

What this government is trying to do is trying to paint a picture for the public about negotiations that we were undertaking which, unfortunately, never came to pass after this government and this Minister took over, so no one knows what the final form would be. Yet, what we continually get from the government is to try and paint a picture that's favourable to their view, despite the fact, Mr. Chairman, that when this government first took over and we asked the Minister of Energy and Mines what was happening, everything was going fine. The Minister was negotiating with Alcan and the Minister was negotiating with IMC and he was negotiating the Grid and everything was fine.

These projects that those members opposite had condemned from the word go, had laughed at the idea of an aluminum smelter being located in Manitoba, they laughed at that initially, Mr. Chairman. They later on said things were going well and then, of course, subsequently, everything dropped through. Now, of course, we see the Minister trying to revive the basic ideas that had been initiated by our government, but why can't we get some answers from him? That's what I'd like to know. Why are they concentrating so much on the past instead of dealing with this issue that's before us? Give us some answers. Why doesn't the Minister tell us what the interest rate is? What the interest rate assumption that they've made concerning the cost of constructing Limestone?

I know there's no use asking the Minister of Finance that because as far as he's concerned he's drawn a curtain at the end of next March and he doesn't know what's happening beyond that. I would hope that the Minister of Energy and Mines would know something more than that, because surely he's had to make some assumptions about interest rates and the cost that's going to accrue to the government to build — (Interjection) — well, you see, Mr. Chairman, there we go again. The Member for Inkster wants to know what were our assumptions. What's relevant about that, Mr. Chairman? I ask you, what is relevant about that? They blew everything that was there. It's gone. What we now have to look at is what these members have brought forward as government. So, let's look at it. Let's have some facts. Tell us. Tell us how you can get \$1.7 billion of profit out of \$3.2 billion of revenue on a sale that's going to take up almost half the capacity of a dam that's going to cost \$3 billion when interest rates are running in a range of 14 percent? Tell us how you can get 1.7 billion out of that, Mr. Chairman, in profit. Is there any interest charge to that sale? Is there any interest charged to it? We haven't been told that.

A MEMBER: I don't know that we can afford to make 1.7 billion under you people.

MR. B. RANSOM: This is the Minister who negotiated it. Surely he knows. Why hasn't he told us, Mr. Chairman?

A MEMBER: Why would he?

MR. B. RANSOM: We've heard the allegations that were made during the election campaign. All of the giveaways that were allegedly being made by our government. All of the giveaways. Remember when the First Minister talked about the giveaways at Abitibi when our government entered into an agreement with Abitibi Pulp and Paper and he cried, "Giveaway." He said during the election campaign that small timber operators over east of Lake Winnipeg had lost their rights to cut timber.

We went into the committee, Mr. Chairman, we asked the Minister of Natural Resources, "How's the Abitibi agreement working out?" "Fine, fine, fine, working real well." We said, Mr. Chairman, "Mr. Minister, did any operators lose their right to cut timber in that area?" "No, no, no, no."

This is coming from the Minister of Natural Resources after the First Minister has made the allegation that we'd given away the resource and that we'd cut the small operators out. We have the First Minister making the allegation that we'd given away \$90 million worth of value of potential profit on the Trout Lake Mine. Given it away. We went before the committee the last three years, but last year especially asked the president of Manitoba Mineral Resources who negotiated the deal and who this Minister has kept on as president of Manitoba Mineral, we said, "Now that you've had the opportunity of two or three years of hindsight since you negotiated that deal, do you still think that was a good deal? Do you still think that was the best deal you could make for the taxpayers?" "Yes," he said. Well we said, "There've been some allegations made

that there was a \$90 million giveaway. Do you think there was a \$90 million giveaway, Mr. Wright?" No, there wasn't a \$90 million giveaway, but the First Minister said there was. The First Minister said there was.

That's the kind of thing that raises doubt in our mind, Mr. Chairman. It raises doubt in the public mind.

Another thing with respect to this Minister, he would never say in this House in questioning during the first year especially of his Estimates, he would never say that he had told Alcan that this government would not accept the principle of them owning part of a power dam. Now, that was in the election material that they distributed. We know what Alcan's position had originally been and we continually asked the Minister, "Have you told Alcan that you will not allow them to have an interest in a power dam?" The Minister would only say, "All bets are off. It's wide open. We're considering anything. We're talking." No constraints. No preconditions, I think is the term that the Minister used. Now where is this principle, Mr. Chairman? Was he sticking to the principle that they would not have ownership? Why wouldn't he say it in the House, Mr. Chairman?

So there are a lot of questions, a lot of legitimate questions about the deal that is before us. Maybe it's a good deal, but there surely are a few things that the Minister could tell us that aren't of such a technical nature that only the staff, that only the technical staff can answer them. I would think that a good place for him to start would be give us an indication of what assumptions he's made about the interest costs; about the province's borrowing to build the facility that is going to produce this 500 megawatts of power; can the Minister tell us that?

HON. W. PARASIUK: I have indicated to the member that I would provide that information to him. We've been sitting in the House all afternoon, I had meetings all morning, I had meetings through the evening. Work was done; I expect to be able to get at it, I thought, this evening, I certainly will have a look at it tomorrow morning and send it over to him; and I would send him over a number of the assumptions that were used in the agreement, plus a summary of the agreement.

I have indicated that on Thursday, when Public Utilities Committee meets, the full presentation will be made to the committee, and it is best to deal with this in total, and that is the way in which these things have been dealt with before. We have dealt with Public Utilities Committee in the past like that and will certainly do that again, and we will provide that type of information.

The interesting thing, though, is the member gets up and says, well, the Minister indicated that we didn't take that position with Alcan. We communicated our position; Alcan indicated their position; they said that they believed that they could convince us otherwise, and we told them that we believe that we can convince them, because we've done it with Inco, that it is possible for a major industrial user of electricity with a big investment in non-movable plant to have security from capricious changes by the government with respect to hydro rates.

We went out looking at it on that basis, having been very clear in our campaign, having been very clear on

our discussions with them. They said, we will look at this and we'll see how we can proceed with this. That's what both sides were doing until the recession hit, and it's interesting that in the recap of history, which the Conservatives go through, they don't want to look at the specifics of the agreements, which they are now saying were tentative, which then said you'll get it in the future.

MR. B. RANSOM: Don't you know, you're the Minister that did the negotiating.

HON. W. PARASIUK: Oh, come on, come on. This is type of . . .

SOME HONOURABLE MEMBERS: Oh, oh

MR. CHAIRMAN: Order please.

HON. W. PARASIUK: You will get the complete package of assumptions, I've indicated that to you. Isn't that a lot more than we received?

MR. B. RANSOM: I haven't received anything yet.

HON. W. PARASIUK: Isn't that a lot more than we received about the Grid? — (Interjection) — We've been in here right through the day, we haven't had a chance to get out there. I've said I would provide it to you before in sufficient time, in written form, before that committee and I will provide it. I am not going to go into, sort of, this little piece and that little piece. I said that we will provide the assumptions, you'll have a chance to look at them. — (Interjection) — Oh, yes, a little bit more than that, and I have said that there is a process for that to be discussed.

So we have indicated that, today in fact, that the opposition will have the chance at a full discussion of this. — (Interjection) — You'll get it. It's a bit more complicated than that to say it's a one figure number, and that's the sad thing about the people on the other side. They try and put everything down to a very one simplistic notion, but you'll get it. You'll get the information, but the interesting thing was the admission today, just now by the Member for Turtle Mountain, that these weren't concluded arrangements. Is that what they told the public? They didn't tell them that, they said that they were concluded, they spent a fortune in taxpayers' money telling them that.

MR. B. RANSOM: How much did we spend?

HON. W. PARASIUK: How much did you spend? \$650,000.00.

MR. B. RANSOM: It was a million the last time you told us.

HON. W. PARASIUK: In today's terms it would be about a million. — (Interjection) — That's right. Six-hundred and fifty million that we could clearly ascertain against industrial benefits.

MR. G. FILMON: You lie every time you speak Willie, that's the whole thing.

HON. W. PARASIUK: Well, that's the interesting thing, a man calling me a liar; a person who used the most despicable tactics in his leadership campaign calling me a liar.

MR. G. FILMON: You're a liar in that, too, Willie.

HON. W. PARASIUK: I'm a liar in that. You ask the Member for Turtle Mountain; you ask the Member for St. Norbert, who came out to you. You will sell your soul, man, for anything; that's the despicable thing about you.

A MEMBER: You're a liar.

HON. W. PARASIUK: It's an interesting thing to have a person sit in his seat and say that; an interesting thing. A man who said, well, my candidacy will provide whatever money is needed to buy votes for my leadership . . .

MR. G. FILMON: That's not what I said.

HON. W. PARASIUK: . . . then wants to call me a liar.

MR. DEPUTY CHAIRMAN, E. Harper: Order please. Order please.

HON. W. PARASIUK: You shut your mouth if you call me a liar. — (Interjection) — That's right.

MR. B. RANSOM: On a point of order.

MR. DEPUTY CHAIRMAN: Point of order.

HON. W. PARASIUK: On a point of order, the leader of the Conservative Party, from his seat, called me a liar without any justification. I ask him to withdraw that comment.

MR. CHAIRMAN, P. Eyer: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, the Minister of Energy and Mines has made a number of allegations against my Leader, which have absolutely nothing to do with the Estimates before us, which for the knowledge of the Legislature are totally unfounded, they have absolutely nothing to do with the Estimates before us.

This is the Minister from whom we receive lecture after lecture about personal attacks, about the members on this side getting down to the level of personal attacks. There has never been a member of this House, in my experience, that has stooped lower than this Minister to make personal allegations against individuals, and he should withdraw that allegation.

HON. W. PARASIUK: Mr. Chairman, withdraw? Withdraw what? I was in the course of making a speech when the Leader of the Conservative Party, repeatedly from his seat, called me a liar.

MR. D. ORCHARD: Yeah, after you lied.

HON. W. PARASIUK: And I said, at that time, that I found it rather strange that a person would sit in his

seat and call me a liar, having gone through what I consider to be very despicable tactics to become a leader. I ask him to withdraw those comments, because I'm asking why he would call me a liar, and I ask, Mr. Chairman, to rule on whether it's parliamentary for the Leader of the Conservative Party to call me a liar when I am talking about negotiations that took place, when I'm comparing our negotiations to their negotiations. I've indicated that we can document much of what we talked about, and I ask him to withdraw his comments.

MR. D. ORCHARD: Forget it, you've got to withdraw your . . .

MR. CHAIRMAN: Order please. The use of the word "liar" is, I'm sure, known by all members to the House not to be parliamentary language. It is not acceptable for use in this House and I am sure that other members also know that I was not here at the time that this alleged statement was made and I would have to check the record to see if it is on the record.

MR. B. RANSOM: It's on the record, Mr. Chairman.

MR. CHAIRMAN: If it is on the record, then I would ask the member to withdraw it.

SOME HONOURABLE MEMBERS: Oh, oh!

MR. CHAIRMAN: Order please. The Member for Turtle Mountain, from his seat, was making a statement which was not clear.

The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, I raised a point of order having to do with an allegation, a personal slur, that was made by the Minister of Energy and Mines against the Leader of the Opposition, and I ask that it be withdrawn.

MR. CHAIRMAN: The Minister of Finance to the same point of order.

HON. V. SCHROEDER: Mr. Chairman, everyone in this room heard the Leader of the Opposition refer to the Minister as a liar, and I think that it would only be appropriate for him to withdraw that statement.

A MEMBER: No, no, no.

MR. CHAIRMAN: The Honourable Member for Turtle Mountain to the same point.

MR. B. RANSOM: I would point out to you, on a point of order, Mr. Chairman, the Minister of Energy and Mines is the speaker who was recognized by the Chair and who was speaking, and who made the allegation against my leader and I ask, on a point of order, that he withdraw that allegation, that personal slur which has absolutely nothing to do with the proceedings before the committee.

HON. W. PARASIUK: I would like to know what allegation the Member for Turtle Mountain is referring to, because I responded, after I was called a liar by

the Leader of the Conservative Party from his seat, and everyone heard that, and I am wondering if the member is denying it, or not denying that he made that statement.

A MEMBER: That's not the point Willie.

MR. B. RANSOM: Mr. Chairman, when a member in the House uses an expression that is contrary to the Rules of the House then any member has the right, indeed the obligation, and the Chairman has the obligation to call that person to order if they have used an expression that is unparliamentary. If my leader used the expression that was unparliamentary, then the course of action open to the Minister of Energy and Mines was to bring it then to the attention of the Chair and call him to order, not launch into a personal attack against the Leader of the Opposition; and then, when I rose on a point of order to call him to order, then he tried to make his point of order asking that it be withdrawn, Sir.

MR. CHAIRMAN: Order please. Order please. Order! The Honourable Government House Leader to the same point.

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

Mr. Chairman, I heard the conversation, I heard the allegations that flowed back and forth across the floor, I'm aware of them. Mr. Chairman, only the Minister of Energy and Mines was recognized, and I would expect that only his comments would appear on the record. His comments, to my recollection, and I am sure Hansard will show, did not contain any unparliamentary words, but they may have contained allegations which are reflective upon the Leader of the Opposition and, as such, I am sure the Minister of Energy and Mines has considered his words carefully. If the members wish to debate those allegations they certainly have that opportunity, but to suggest that either the Leader of the Opposition should withdraw unparliamentary words, which he may or may not have uttered, on the record, I don't believe they're on the record because he wasn't recognized, I don't think we've established a precedent for the withdrawal of words uttered from our seats, although I would hope that members wouldn't use those words from their seat, and certainly wouldn't use unparliamentary words when they have the floor.

But the allegations between members, as to activities of the past, are the legitimate subject of debate and have been for many years in this House, and to suggest that those allegations cannot be made, and the members can't engage in debate as long as that debate is confined to language that is parliamentary shouldn't be the subject of a point of order in this Chamber.

But I would suggest, Mr. Chairman, that in view of the fact that members are responding this way to the heat of debate, that all members choose their words more carefully and reflect on what they are saying so that that kind of temper isn't obtained in this debate.

MR. CHAIRMAN: Order please. Despite the late hour I would hope that all members would choose their words carefully, as carefully as they would in the afternoon.

The Minister of Energy and Mines.

HON. W. PARASIUK: Yes, Mr. Chairman, I . . .

MR. B. RANSOM: On a point of order, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, I raised the point of order and I would expect that you would deal with that point of order. If there isn't one, then so be it.

MR. CHAIRMAN: Order please. Could the Member for Turtle Mountain be more specific as to the allegation, otherwise I would have to review the record?

MR. B. RANSOM: Mr. Chairman, perhaps you should do that, Sir, because you weren't in the Chair when the allegation was made, but you couldn't wait to come and replace the member who was in the Chair and who heard it.

MR. CHAIRMAN: The Honourable Government House Leader.

HON. A. ANSTETT: Mr. Chairman, I suggested that there were no unparliamentary expressions used by the Minister of Energy and Mines in his remarks, and unless the Member for Turtle Mountain is to provide to this House some evidence that there were unparliamentary expressions which he, in his point of order, has not yet raised, there certainly is no point of order. I submit, Sir, that the Minister of Energy and Mines has been prevented from continuing his speech long enough by frivolous points of order related to remarks which are clearly not unparliamentary. If the member has an allegation of an unparliamentary remark, he has an obligation to bring it to the attention of the House immediately.

MR. B. RANSOM: Mr. Chairman, I thank the House Leader for pointing out the necessity of calling a breach of rules to the attention of the Chair immediately when it occurs, not some time later when it finally dawns on someone that maybe there's been something wrong. I called it to the attention of the Chair that personal slurs were made against the Leader of the Opposition having nothing to do with the debate before us, having to do with allegations about a Leadership Convention of the Conservative Party, having nothing to do with the discussion before us.

Mr. Chairman, I would ask that you review the transcript of what the Minister of Energy and Mines said. I maintain that what he said is a breach of the Rules of the House, that when he resorts to personal insult of the nature that he did that is a breach of our rules, and I would ask you to review the transcript and make a decision.

MR. CHAIRMAN: The Honourable Government House Leader.

HON. A. ANSTETT: Mr. Chairman, I regret that it has come to this sort of impasse, but the fact of the matter is the request for a withdrawal can only be made with regard to unparliamentary language. If the Honourable

Member for Turtle Mountain feels the Minister of Energy and Mines has engaged in some form of - I think he used the word - personal slur or insult on his Leader, he has every opportunity to reply to that and deal with that. But the only requirement on the Chairman of this committee is to deal and request withdrawal of unparliamentary language.

Now, if the temper of the language tends to be unparliamentary, that doesn't make it so, it is only a signal to all members to reflect on the language they use, but certainly there is no obligation on the Chairman to adjudicate what the Member for Turtle Mountain calls a personal slur; the question is parliamentary language.

MR. CHAIRMAN: Order please. I will review the record to determine whether or not there is a point of order. The Minister of Energy and Mines.

HON. W. PARASIUK: Thank you, Mr. Chairman.

I certainly don't mind your looking at the record and I hope you also clearly determine what I heard the Leader of the Opposition call me off the record from his seat, as interjections, which I think all people on this side of the House heard.

MR. B. RANSOM: Why didn't you call it to the Chairman's attention?

A MEMBER: He did.

HON. W. PARASIUK: I thought he might have the sense not to keep repeating it, but I found out that he didn't.

MR. B. RANSOM: You've got an obligation.

HON. W. PARASIUK: That's right, and I finally did bring it up to his attention.

But I was trying to deal with matters raised of a substantive nature, and I indicated at that particular time that the people of Manitoba certainly will have the opportunity to judge very clearly the material that we will provide. They'll certainly have an opportunity, as they should, to compare what we did to what the Conservatives were doing, and to see who is husbanding the resources of Manitoba better; to see who was providing a better return for the people of Manitoba; to see who, in fact — (Interjection) — That's right, and we will, in fact, do that. We have the time and the opportunity for the people to judge, and to see not advertising, but rather to see substance, to see performance, to see achievement. That is the difference and they will judge. That is what we'll wait for, but the people will get the information. I think they should fairly and truly get all the information, and they should know about hidden deals and things like that, and we'll provide that. I think it's important for the people to judge and choose very carefully and clearly between a group that doesn't place much value on the people of Manitoba owning a Hydro resource and the Conservatives who are quite prepared to sell it to a number of people. And a New Democratic Party Government, who feels that the birthright of Manitoba, its major birthright in addition to its people, are its resources, especially the Hydro resources, and who

believe that the future of Manitoba lies very much largely with the development of the Hydro resource. The benefits and wealth can be achieved to the fullest if they are owned by the people of Manitoba. We'll let the people judge that in the future.

MR. CHAIRMAN: 1.(a) - the Member for Inkster.

MR. D. SCOTT: Thank you, Mr. Chairman. I've been sitting here listening for I guess going on five hours now to a very, I guess one could say, sometimes spontaneous quality vibrating all over the place as to the level of the debate. It's been sad to see the debate sink as it has, and particularly with unparliamentary language being used by members opposite. I do not feel it adds much to this, to the House, and to the nature of our debate when we are trying to deal very seriously . . .

MR. CHAIRMAN: Order please, order please. The Member for Arthur on a point of order.

MR. J. DOWNEY: Yes, Mr. Chairman. The member has made an allegation that the opposition have made unparliamentary comments. I ask him to withdraw that allegation.

MR. CHAIRMAN: Order please. The matter has been taken under advisement by the Chair. I will review the record and it would be best if members did not reflect on that until after a ruling was made.

The Member for Inkster.

MR. D. SCOTT: Thank you, Mr. Chairman, I shall respect that ruling.

Mr. Chairman, we've been dealing tonight with the Estimates, and mostly with the so-called mega projects and how they have interpretations to the mega projects be it from this side or from the members opposite. There seems to be a decidedly sour outlook upon these. One saw that immediately every time the Minister of Energy wore the tie that I would describe as Frank's tie and stood from his seat, the opposition's mouth sort of dropped and just sat there motionless, seldom gave any kind of response when these announcements were being made, be it NSP, be it the Alcoa announcement, or be the WAPA announcement. They just sat there stone cold. "My God, what is happening?" saying to themselves, "the New Democrats are doing what we were trying to do except doing it a heck of a lot better."

There is just no comparison whatsoever when one looks at the deals, when one looks at protecting the integrity of Manitoba's resources, when one looks at the future economic benefits for the people of Manitoba, when one compares the deals that the members opposite were negotiating. They've this admitted this tonight, there was nothing signed as far as very far down the road. They've just talked about there being negotiations.

The Member for Rhineland yesterday, or on Friday, called them hypothetical, his own agreements, that they spent, how many hundred thousands? - \$600,000 advertising. Sitting on a gold mine, that they based the whole election campaign, "Don't stop us now." Thank

God, they were stopped, Mr. Chairman. With what we're learning tonight, thank God, they were stopped. I, for one, and one member of this House, who has an incredible amount of confidence . . .

MR. CHAIRMAN: Order please, order please. The Member for Rhineland on a point of order.

MR. A. BROWN: Yes, Mr. Chairman, the member made an allegation that I said that the Power Grid had been hypothetical. I never made a statement such as that. The question that was asked at that time in the Legislature, by I think it was that same member, was started with the word "if"; and if you start with the word "if" in asking a question it's a hypothetical question. That was why I made the statement that it was a hypothetical question.

MR. CHAIRMAN: I thank the member for that clarification.

The Member for Inkster.

MR. D. SCOTT: Well, Mr. Chairman, it's interesting the interpretations that people have a couple of days after having uttered words from their desk that they get many frowns upon from their colleagues when they utter them. The members opposite, it is not unknown for them to utter things that they regret later on.

We had some very interesting points raised tonight in some of the debate and I'd just like to touch on a couple of them. The Member, I believe, for Sturgeon Creek talked about the Potash deal, in particular, that Manitoba owns something with Potash, that Manitoba had mineral resources. Well, Manitoba also owned something when you talk about aluminum production, because the bulk of the cost of producing aluminum is electricity. If Manitoba's resource of hydro-electric electricity capacity is not a fundamental part of producing electricity, if we do not have a vested interest in that electricity when it was given to us in a BNA Act, in The Natural Resource Transfer Act of 1931, with a distribution of powers for natural resources to be those resources of the provinces, then what in the heck do we have an interest in? That water is worth every bit as much, if not, I think in the long-term future of this province, an awful lot more valuable to the Province of Manitoba than our mineral rights are.

I'm not saying that one gives one against the other. I'm saying that we have a direct interest in protecting the integrity of our natural resources, which are owned by all Manitobans, in protecting those resources when they are used in huge quantities in industrial process, and that we do not turn around and sell off our ace in the hole which is hydro-electricity. We do not turn around and sell that off chunk by chunk by chunk to the biggest consumers of that electricity.

The Member for Minnedosa, in talking about their arrangements and their buy-back provisions - they were going to protect the integrity of Hydro by having us forced in 35 years time to buy back a hydro plant so that we would own what we have always owned, but which they sold for a period of 35 years and we would have to buy back at then fair market value.

I remember the Leader of the Opposition brilliantly brought up the case of Island Falls in Saskatchewan

where our Ministers showed very clearly how much they have had to pay to get that resource back, some seven times. Well, now he's saying, "Did they pay too much?" Yes, they paid too much because it should never have been sold in the first place. If they wouldn't have sold in the first place, the public would not have had to go and buy those things back. Anything, buying back natural resources and hydro-electricity capacity, any time a government has to buy that back they're paying too much because it should never be sold off in the first place. You do not give away equity positions in your most valued resources.

The Tories are consistent though; the Tories are quite consistent in their philosophies. When they were in office, they gave tax concessions that benefited the largest income earners about 30 or 40 times what they did the smaller income earners. Now they're saying that the poorer Province of Manitoba should turn around and with their agreement take all the risk and end up subsidizing in effect power sales to Saskatchewan and to Alberta. When they say that we do not have - they say there were supposed to break even, although Manitoba had to absorb all of the up-front costs on a break-even deal, but what is more important than the simple break even as well is something that maybe they'd never heard of called opportunity costs. When you have an opportunity to sell a resource and make a substantial profit which we are doing in just 12 years, in one-third the length of time that you are going to be selling it, making \$1.7 billion on it, that is one heck of an opportunity foregone.

Now I don't know if you took any of this or you studied any kind of economics whatsoever, but in economics you look at opportunity costs the same as you look at any other costs. If you neglect those and throw them off - and the Member for Arthur is standing here with a very strange look in his eyes, trying to figure out what opportunity costs could possibly mean. It's obvious that they do not understand what they meant when they moved ahead with their negotiations for the Western Grid.

The Member for Sturgeon Creek, as the Minister of Economic Development, was not even aware obviously; or the Member for Rhineland, who was on the Hydro Board was obviously unaware. Both of them admitted tonight that they were unaware of the state of the negotiations and the things that were included in the negotiations.

MR. CHAIRMAN: The Member for Rhineland on a point of order.

MR. A. BROWN: I never said that I was unaware of any Hydro agreement. I would appreciate it if you would make the member withdraw that remark.

MR. CHAIRMAN: I thank the member for that clarification. It is not a point of order however. A difference of opinions as to what the substance of a matter was is not a point of order.

The Member for Inkster.

MR. D. SCOTT: Mr. Chairman, what I said very clearly when he was being cross-examined tonight by the Minister of Energy - or not cross-examined but

questioned - after having made his statements, he very clearly showed that as a Tory representative on a Board of Manitoba Hydro he was quite unaware of the various provisions that were being developed and built into these agreements.

That was very clear.

MR. CHAIRMAN: Order please, order please. ORDER! ORDER!

The Member for Rhineland on a point of order.

MR. A. BROWN: Yes, Mr. Chairman, I insist that you ask that member to withdraw those remarks. I never made that statement that I was unaware of what was going on. I just chose not to get into a debate on that particular issue, because we were debating the Minister's portfolio. We were not debating my portfolio, we were debating his portfolio, so I chose not to get into a debate, but I never said that I was unaware.

A MEMBER: Right.

MR. A. BROWN: I want you to ask that man over there to withdraw that remark right now.

MR. CHAIRMAN: Order please. Order please.

I thank the member for that clarification. However, I again repeat that a difference of opinion as to the substance of a member's speech is not a matter for a point of order.

The Member for Inkster.

MR. D. SCOTT: Thank you.

We have references, Mr. Chairman, to coal-fired power, we have references - I almost wondered if the members opposite even understand what acid rain is, when the power plants and what we have tied the costs in the NSP sale to, is using a renewable resource, is in a new plant - it's a new plant that is going to be costed out as if it was finished in 1993. It's a plant that has the scrubbers on it. It is a clean coal plant - from what I understand, as clean as they can make them at this stage with their present technology. So we are going to be comparing the cost of production of electricity, using the most modern thermal generating station and the cleanest thermal generating station available, a station that costs some 15 times our cost of construction, a station that because of the pollution abatement equipment on it, there is not the same differential as there would be without it, by any stretch of the imagination, between our cost of building Hydro electric power and their cost of building a thermal generative power.

So we have concerns being raised opposite as well and environmental integrity of the - if we move into the aluminum smelter and aluminum deals that they were working on with the Aluminum Company of Canada. I, at that time, very clearly stated that I wanted a clean plant, that I was not confident that the plant that they were offering was as clean as could be. I think that was proven very clearly. As we got closer and closer to the election, all of a sudden the emissions that the plant was putting out that they were telling us about, were reduced substantially.

I don't know if those are just paper reductions or if they were in fact reductions. We had the members

opposite talking about us and our concern for environmental quality. They know how strong that is. We know how weak their commitment to it was when they had the famed Jarmoc deal where they just said, the heck with environmental assessment review statements. We won't worry about that at all. No. I mean this is one of our little sweetheart deals and that little sweetheart deal showed their integrity, showed their environmental integrity, showed them completely.

I seem to recall a deal having been signed some two weeks after coming into office with you folks, of being not only signed, a road started, skipping the requirements from your own laws for provincial projects and roads and parks, where they had to have environmental assessment statements done, and they neglected all of those. So what kind of faith can we have if they won't even do an environmental impact statement on a road; what would they do on the aluminum smelter? How much could we trust the stuff that they were coming out with at that point?

We as a government, can be trusted with it, because we have an interest in protecting the environment. That has never been demonstrated by the Conservative Party in this province.

It is fairly obvious that the members opposite were not really recognizing at all or not even wanting to be aware of - it appears that all of them were not aware of the buy-back provisions that they had with their deal with Alcan. We dealt with approximately how much it would cost to buy back a smelter; how much would it cost us to buy back a power plant for 35 years time? This is another part of it where they were willing to share what we would charge on water rights. With water rights being our resource and then trading off the water rights for that plant and their portion of the total water rights with a private firm.

We feel that is fundamentally wrong and I'd like to quote a couple of things from the reports in regards to Alcan's agreement in British Columbia back in 1950 with a signed water licence number 19847, which gave water rights to some 5,500 square miles and was signed by the Liberal Provincial Government and condemned by the Social Credit Party at that time when they were in opposition, back in 1950, as it's nothing more or less than communism.

However, after some 25 years of power, they haven't changed their minds at all. As a matter of fact, they're going forward and moving that much further on that water licence.

We had — (Interjection) — the Social Credit unfortunately, the mentality of the Conservative Party in Manitoba is in the same frame of mind as the Liberal Party was back in 1950 and the Socred Party in B.C. has been ever since. The B.C. Water Rights officials at the time described the deal as an aberration on our books, more wide-ranging than anything we've ever issued even back then. The Tories wanted to do the same sort of thing in Manitoba in 1981 with their backs up against an election.

One of the Water Rights officials, his name was Howard DeBeck, he claimed that the licence was issued and I quote, ". . . back in the post-war years when government thought it had to hand over sweeping powers as the price it had to pay for development." Now what is more accurate in looking at the attitude of the former Conservative Government and the present

Conservative Opposition towards economic development and selling out your soul. That is exactly what they did in B.C.; that is exactly what they wanted to do here; that is exactly what they did in CFI when they got into an arrangement that cost us some \$50 million just in a pure swindle for agreements that they still deny ever having signed.

In 1973, a report in the Vancouver Sun at that time talked about the selling of water rights and what it meant to the Province of British Columbia. Then back in '73, some 11 years ago, he stated that by today's standards the agreement was a giveaway, ranking only with the incentives given in the previous century to the CPR. Alcan got cheap water, even cheaper land, free timber, mineral petroleum rights, tax breaks and a guarantee that some of its rights would continue in perpetuity.

That is, in effect, what the Conservatives are willing to give them as well when they look at the Conservative deal and a power plant, not even knowing which one it was going to be, and perhaps already an existing a plant in some other part of the existing plant which would mean that Manitoba ratepayers would then have to go build another station, not be able to charge the cost of that against the Alcan smelter and that new station, as you well know, is so much more expensive! That would have had to be totally borne by the ratepayers, the ratepayers who they tried by subsidies through their Hydro rate stabilization and running debts at Manitoba Hydro, that they subsidized the rates of power at that time, they would have had to skyrocket afterwards to try and compensate for the loss of power in a cheap sale, which they were going to go ahead with on Alcan and Alcan would not be sharing the cost of the development of additional stations potentially under their agreement, as was written. And they talked about water licences and the water licences is a recognition and it's only us that can give the water licences because we own the resource, as the public of Manitoba. In B.C. they talked about it being in perpetuity. What is different here in perpetuity of a 35-year agreement with renewal terms for a further 15 years each, it doesn't close them off anywhere, and it says we'll pay water rentals and other charges. In amounts to be agreed to, therefore they . . . water rights to the province established.

MR. CHAIRMAN: Order please. The Member for Turtle Mountain on a point of order.

MR. B. RANSOM: Mr. Chairman, I know it's getting closer to breakfast than it is to supper, but I think the Minister of the Environment is violating one of the basic rules of the Chamber.

MR. CHAIRMAN: The Member for Inkster.

MR. D. SCOTT: Thank you, Mr. Chairman. It's quite ironic that we had the member — (Interjection) — yeah, it's getting cool. My burger is getting cold too, Mr. Chairman.

We had, not that long ago, as was said earlier tonight and it's still being repeated, the Tories talking about not being able to attract aluminum smelter to this province unless we gave them equity in the Hydro. We,

through skillful negotiations, have proven that is not correct, that big power companies right now and in the future are going to be hungry for good deals, very hungry for good deals, you don't go begging to them on your knees like the members opposite did, to please come here, when the resource that they need is as much as anything and represents, I understand, over 80 percent of the cost of producing aluminum being electricity, that that is our resource and yet they are trying to sell it off at a very low cost and for the only part of the arrangement that can make money being a smelter totally owned by the private corporation.

We talk about negotiations, the Member for Turtle Mountain, who was talking about negotiations in a time of elections. Well that's when they were negotiating. That's when their key negotiations were moving. They didn't have a heck of a lot of movement on this whole issue, until six months before they went to the election, and if they would have waited a little bit longer, maybe they could have pushed something through, but they were afraid to wait any longer because they knew what their budgetary position was and they didn't want to go into another Budget. The Member for Turtle Mountain, when he was Minister of Finance, did not want to have to produce a Budget in the following spring, because he knew that would be the certain death knell of his weak and pathetic government.

The only other things that the Tories have ever negotiated in large scale - and it shows their attitudes of their willingness to basically sell off our rights we received as a province in perpetuity - was their deal with the Churchill Forest Industries, where they ran around the country, ran around the world, advertising that they were going to give away a piece of land the size of Poland to anyone that would come and develop it and they ended up getting taken like Poland is being taken today.

Their Inter-tie project, no profit over 35 years, absorbing the risks, all for jobs today but at what cost to Manitobans in the future? They talk about us selling electricity to the United States. Are they now saying through that, that they do not want the Government of Alberta or British Columbia to sell natural gas to the United States? Do they want to cut that off? Do they not want them to sell oil to the United States, they want to cut that off? Some of their arguments don't hold any water whatsoever, I'm afraid, Mr. Chairman.

They, Mr. Chairman, as a very weak and a very inept government, put all their eggs in one basket and went running towards an election with those eggs in that basket. Unfortunately those eggs all broke and cracked and they're still wiping egg off their face today. This is one of the odd things tonight. You'd think that they would have been wanting to get these Estimates finished a long time ago, and calling to pass the Estimates, because their ability as a government prove the incredible ineptitude that they have toward negotiations, be it with big firms that they like to rub shoulders with, that they like to go down - I don't know if the Leader of the Opposition was down sking in Nebraska or if he was doing any negotiations, but if he was doing negotiations, he's a pretty poor negotiator because he came home with nothing and said let's go for a deal that is 35 years long and doesn't provide a cent for Manitoba. It's nothing for Manitoba as far as benefit for our Hydro sales.

So, Mr. Chairman, these members opposite, they squawk, they holler. We now have, they say, the Member for Arthur claims he going to fight the next election on the French language issue. The other ones are saying they're going to fight the election on the issue of the success of our negotiations and the profitability of our negotiations with power sales, be it south of the border or within our country and with industrial development in this province and that is a record that we will gladly go to an election on, when the time comes, we shall show the people the facts of how weak their negotiating skills were and how good ours have been and just how much and they will be the people on their feet, thanking our Minister of Energy and Mines for the skillful negotiations that he has led for the past two-and-one-half years, getting us to a position now where we can start signing Letters of Intent, start signing initial agreements. When the full details are tabled and if you would have wanted the details tabled on the Northern States power sale, you would have had them last Friday but you didn't want them. You didn't want them. They wanted to delay, delay, delay. Now we're going to get them when they're willing to come and sit on the committee and, Mr. Chairman, they, members opposite, will be eating the egg off their face and they're be eating crow as well.

MR. CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman.

I guess maybe tonight we've seen a concrete demonstration of really how low the Minister of Energy and Mines has sunk, when the only one over there defending him is the Member for Inkster. I hate for the day to come when anybody like the Member for Inkster were asked to defend any position I put forward, Mr. Chairman.

You know we've got some interesting allegations being put out and claims put out by the government tonight. Quite interesting ones. They claim to be good negotiations, they claim to be skillful negotiations, good for Manitoba. They claim to even know where they're going to take the province with these negotiations. One would have to assume that in these negotiations even the Minister of Finance might have had something to do with them.

Last week when we had the Minister of Finance here talking about the financial position of the province, he knew nothing, Mr. Chairman. We got no answers, you posed the simplest of question to the Minister and he couldn't answer. He had to ask his staff for the answers. And with that wealth of competence over there that's demonstrated by the Minister of Finance, we're all of a sudden being asked to accept that the Minister of Energy and Mines has negotiated well for the people of Manitoba. They talk. The Premier tonight was cavorting from his seat about a \$1.7 billion profit. I think that's the first time in the six-and-one-half years I've been in this House I've ever heard the Socialists mention profit.

A MEMBER: Without having a sneer.

MR. D. ORCHARD: Yes, well they did mention it, but it was always in the most derogatory word. It was almost

like using profanity before when the Socialists talked about profit. The Minister of Energy and Mines tonight talked about how during our deal he alleges that over a 25-year period we would only recoup costs, and then in his definition, that was a bad deal. Then tonight when we ask him to justify in some small way his calculation of the alleged profit that is going to accrue to the Province of Manitoba, the Minister of Energy and Mines can't even tell us what the interest rate is on the capital investment that has to be sunk, in order for him to theoretically enter into this negotiation to create this alleged profit.

Mr. Chairman, that's going to be one of the questions he has to answer and we aren't going to accept the answer he gave to my colleague, the MLA for Turtle Mountain, the other day, or possibly it was today, but I think it was on Friday that that's a very technical question to tell you what the interest rate is. Here is the Minister that claims for the last two years he's used every skill in his power to negotiate this deal which is good for the Province of Manitoba, but yet it's too technical a map for him to give an answer to a simple question posed to him. He mentioned something about the capital cost write-down or payoff of the Hydro dam is by normal Hydro calculations of 70 years or 67 years. — (Interjection) — Fine.

Mr. Chairman, I'm very pleased that the Minister of Finance has finally said, "Get it right." I wish from time to time he would actually practise what he preaches instead of the half-truths and bafflegab we hear constantly from the Minister of Finance.

Mr. Chairman, on the basis of questions we've posed in question period to the Minister of Energy and Mines, he can't answer them. He says they're technical, but as I remind you, Sir, he's the man who headed up these negotiations, so skilfully done to give us so much profit in his calculation and in his estimation. It's interesting, Mr. Chairman, when I did a quick calculation, and I have to ask the Minister of Finance, "Have I got it right that you said your approximate borrowing costs right now are 14 percent?"

A MEMBER: You have it dead wrong.

MR. D. ORCHARD: Oh, well, maybe he'll clarify it at some point in time.

A MEMBER: He said between 14 and 15 for 15 years running.

MR. D. ORCHARD: But at any rate, the proposed cost that the Minister of Energy and Mines indicated in his statement of announcing Limestone was in the neighbourhood of a \$3 billion investment, which was necessitated, if we can read his statement right. This \$3 billion investment in Limestone is now necessary because he has struck this deal with Northern States Power.

Mr. Chairman, just using 12 percent interest, regardless of what the Minister of Finance alleges that he can get before the curtain drops on March 31st when he can't see past March 31st of next year, but assuming a 12 percent interest rate, that means on a \$3 billion capital investment that we're going to have by 1993, that our interest cost is going to be in the neighbourhood of \$360 million a year.

A MEMBER: In 10 years, how much is that?

MR. D. ORCHARD: Over a 10-year period, that's \$3.6 billion, but the point that I'm making, Mr. Chairman, in this alleged profit that the Minister claims is accruing to the Province of Manitoba, there is going to be \$360 million of interest costs per year. We're going to find out, Mr. Chairman, when we hit the Hydro Annual Report, whether Hydro is operating the same as Manitoba Telephone System; i.e., the borrowings that were made during the Schreyer years for expansion of the system are being paid off not through the rate structure, but are being paid off by refinancing. The Minister of Finance just went over - he's had two world tours now lining up money - to refinance borrowings undertaken by the Schreyer administration.

Now, over this 12-year period that he's selling this power, and if Hydro isn't doing anything different than Manitoba Telephone System, i.e., bringing down their debt equity ratio to where the private communication companies are around 50 percent and MTS is 85 percent, then over that 12-year deal, Mr. Chairman, if we use 12 percent interest rate, then every single year if there is no repayment of the capital cost built into this pricing arrangement that the Minister is signing on Manitobans' behalf there is \$360 million per year of interest charges at 12 percent. Factoring in the percentage of the dam that the Minister is going to dedicate to that sale, then there could be \$180 million a year interest charges, \$150 million a year interest charge. Over a 12-year period, that's going to amount to - if my figures are correct - \$1.8 billion. He's claiming the total operating costs to the Province of Manitoba must be around 1.5 because he's somehow got a \$1.7 billion profit figured in there. Well, that means that we're not paying anything to Hydro staff, we're not paying any transmission costs, we're not paying any other costs; this is pure profit.

That's quite an interesting calculation for him to make and that's why the Minister needs to be a little more careful with some of the allegations that he lays out about negotiations we had, where he says that all we were recouping was costs, and his is such a good deal because he's got a \$1.7 billion profit built into it. But the problem is a profit to a socialist, and especially a desperate one, may not be the profit that any normal person would calculate or be able to calculate. We'll find out, Mr. Chairman.

The interesting thing about this \$1.7 billion profit, and I pointed it out a couple days ago, this Minister of Finance, in just three short Budgets, has rang up almost \$1.5 billion in debt and that is in 1981,'82,'83 and '84. That's today, he's running up \$1.5 billion in deficit in this province. The Minister of Energy and Mines is so proud of the skilful negotiations he did, wherein starting 10 years from now and for a 12-year period thereafter, achieve the deal that gives us \$1.7 billion alleged profit by his calculation. That, Sir, will not pay the interest on the deficit that a socialist government would ring up by that time. It's mesmerizing in big figures, but the real Manitoba is being governed today by this gang of incompetents, Sir, who have rang up \$1.5 billion in deficit and they've got one at least and possibly two more Budgets to go. This Minister of Finance, if he doesn't get shuffled out of there, is going to be the \$2-billion-deficit Minister of Finance.

That is today, Mr. Chairman, not 10 years from now and for a period of 12 years thereafter. That's today. When these people get endorsements by the investment dealers and others, my God, if I had a group of clients that were borrowing the kind of money these people are, I'd say you're doing a hell of a good job too, because I make my money lending money to governments like you.

When the Minister of Finance — (Interjection) — oh, Mr. Chairman, I haven't borrowed any money from investment dealers. I haven't borrowed any and I want to tell the Minister of Finance I haven't flown all over the world trying to borrow money like you have for the last two years. I haven't flown over the world. I haven't been to Zurich, I haven't been to Japan, I haven't been to West Germany, I haven't been to Paris, I haven't been to London like you have, Mr. Schroeder, I haven't been there. Mr. Minister of Finance, if I've done something unparliamentary, Mr. Chairman. I haven't been to all of those nice spots in the world like you have, but one thing that I will remind the Minister of Finance that he did do in the first prospectus that he put out, he touted the Alcan aluminum smelter deal, he touted the Western Power Grid deal and he touted the Potash development. So did the Minister of Energy and Mines tout those projects. At first he was hesitant, then he was in negotiating them, trying to get them into the Province of Manitoba. Read some of the responses he gave us. Now all of a sudden he's standing up with the short-sighted audacity to now say that ours was bad and his is good. Ours was bad and it was the same one on the Western Power Grid that he took back to Alberta and Saskatchewan. As my colleague, the Member for Sturgeon Creek, pointed out tonight, he took it back to them, begging them to take it. But he tells us tonight, it was a bad deal. You know, Mr. Chairman, there are times when a little bit of integrity and honesty are needed.

There is a time when there's a little bit of leadership that's needed in this province and a little bit of integrity with the people of Manitoba. From time to time, Manitobans who understand the system expect to get it from people like the Minister of Energy and Mines, but not so. We have long since given up that expectation from that particular individual. He's the one who is quickest to his feet to complain about personal attacks and slurs and everything and while he's complaining about them, Sir, he is making them.

We remember the Minister of Energy and Mines when he was in the backbench and the things that he complained about and the things he cried wolf about and foul about are the very things that his bench-mates are doing right now; they're cutting back the health care system and you name it. The things that he complained about so vehemently in opposition are happening right now. We don't hear the Member for Transcona complaining about that because that's all right. Mr. Chairman, the Minister of Energy and Mines has got himself a problem. Was commissioned by the Premier, theoretically, to attempt to do something to get this government re-elected. We have said it and will continue to say it.

The government's record on negotiations, the government's record on fiscal responsibility, the government's record on legislation that they have passed has not commended this group of people to

the electorate of Manitoba. There is nothing that they have done to warrant the confidence of the people of Manitoba to date and that is a cross that they're going to have to bear when they go to the people of Manitoba and try to sell to the people of Manitoba their deals that they're making that are going to be so profitable to the people of Manitoba. They are starting out from the standpoint that everything they have touched to date in fiscal planning, in legislative amendments, in competence of government, in constitutional amendments, you name it; they've touched it, it's gone bad, it's gone sour. Now, we're being asked to believe by the Minister of Energy and Mines, who has whispered in his leader's ear how good it is, we're being asked to believe, from the Premier as well, that this deal made by this Minister is the best ever.

Well, Mr. Chairman, they've got a problem to be able to justify that, because Manitobans tend to judge people from past performance, what they've been able to achieve to date. This government rates one giant goose egg in what they've been able to accomplish to date. These deals that they're signing right now all start at some time in the future when another government is going to be in elected office and having to accept the responsibility, good, bad or indifferent, for the negotiations of a desperate government today, that is negotiated badly and planned badly and governed badly in every aspect that they have touched. That's the sadness of this.

The Minister of Energy and Mines can talk \$1.7 billion profit, and you can calculate probably a \$2 billion profit if you just wanted to shift the figures a little bit, play with the numbers a little bit. Get some advice from the Minister of Finance, he can help you play with the figures to make them look better, because they won't be proved until a period of time from 1993 to 2005. Many of us probably won't even be around then. What you say today, you're not going to be around to prove tomorrow, but yet you are making this deal. You are signing it. It is signed already and we are going to Public Utilities Committee on Thursday to question whether it's good, bad or indifferent. I suspect nothing can be changed in it. So, if it's a bad deal, we're stuck with it. If it's an indifferent deal, we're still stuck with it. If it happens to be a good deal, we won't find out for 10 years and we won't know for 22 years. It's hardly something that most Manitobans are going to get really excited about.

The Minister of Energy and Mines has been asked whether during the period of time that this development is taking place if he can guarantee the integrity of the Hydro rates to Manitoba consumers. I haven't heard him say that he can do that. I don't expect we will hear him say he can do that, but Manitobans would like that kind of assurance, because Manitobans have a very recent memory of another New Democratic Government during the Schreyer years that used Manitoba Hydro as a method to prop up the economy, to create jobs, whether the Hydro capacity was needed or not, they were going ahead with it.

Manitobans also remember that while the economy of Manitoba was being bolstered by Hydro construction in Northern Manitoba, that their rates were doubling in Manitoba. They know that that is a consequence of bad Hydro planning, and they're going to watch the Hydro rates with this government, because this government has already removed the freeze. Also, this

government has not been necessarily, not this government, I'm sorry, but the previous New Democratic Government wasn't completely honest and truthful with the people of Manitoba and some members of this government have not been truthful with us either, because some members of this government have attempted to say that we stopped construction on Limestone. — (Interjection) — Oh, the Member for Springfield, the Government House Leader says, uh huh. Are you one of them who says that we stopped Limestone? Oh, now he's silent. He's cute now, he's silent. He only speaks half truths from the platform in Springfield. — (Interjection) — Oh, the Minister of Municipal Affairs says we stopped Limestone. Well, that's typical of the kind of half truth we get from that side of the House because the Hydro minutes, which were hidden from the people of Manitoba by the Schreyer administration, indicate clearly that they made the decision. They stopped Hydro construction in Limestone and attempted to hide it from the people of Manitoba until after the election in 1977.

Mr. Chairman, that is something that Manitobans also remember, that that kind of information was hidden from them. I simply want to wish the Minister of Energy and Mines the best of luck in his negotiations, make the negotiations good for the people of Manitoba, don't simply make negotiations so that you can go down in Manitoba's history book as the Minister that signed the biggest firm power sale in Manitoba.

I mean, there are reasons to go into the history books and everyone of us, I suppose, have different reasons as to why we want to be remembered by people, most of us want to be remembered well, and I think the Member for Transcona would like to be remembered well. But, I'm just asking him to make sure that when he's putting his name in the history books of Manitoba that he's giving us all the information, all of the facts, and that the calculations are not some funny numbers a la Minister of Finance, because what he's doing is not simply securing his little star in the future, his little position in the history of Manitoba, he's affecting the lives of over one million people. That requires some careful consideration, which I believe from time to time the Member for Transcona is capable of, but I'm not so sure the constraints that are put on him to deliver something are necessarily the right circumstances under which to use the kind of talent he may well have.

So, Mr. Chairman, it's got to be interesting to see the information that the Minister provides to my colleague about the interest rate, the capital retirement time frame for that Limestone Dam to see what portion of the capital costs are going to be paid by NSP over the 12-year term. All those things are going to be very interesting to see.

We will look forward to perusing that information and debating with them at Thursday's meeting and whatever subsequent meetings may be required.

MR. CHAIRMAN: The Minister of Energy and Mines.

HON. W. PARASIUK: I certainly look forward to that opportunity before the Public Utilities Committee and I assure the member that we indeed would attempt to provide all the information. I say, attempt, because I think we will provide all the information and I can

guarantee that it will be a lot more information than we ever received.

So when I have these sometimes, holier . . .

A MEMBER: Got your speech ready, Don?

HON. W. PARASIUK: . . . holier than thou statements about how we're not providing information when so much information was not provided and I don't know if the Member for Pembina was here when I asked the Member for Sturgeon Creek, if he was aware of certain things. I'll ask the Member for Pembina. I'm not sure if he was aware or wasn't aware about the agreement with respect to buying Alcan smelter at fair market value, buying back the power dam at fair market value despite a negotiating position and advice contrary to that taken by the staff who were working on behalf of the government. In fact outside legal counsel was brought in which I think is very respected on the opposition side.

If that information exists, if there is that type of information, we didn't have it, the people of Manitoba didn't have it, the people of Manitoba did not have the Western Grid material. I don't believe and I've checked that the Manitoba Hydro Board had a chance to consider the Western Inter-tie. They didn't see that. That's why I asked the Member for Rhineland, if in fact he was aware because my understanding is that they didn't see it.

We've had a lot of comments about deficits etc. etc. You know, I'm very proud of the economic performance of the Province of Manitoba relative to other provinces over the course of the last two years. We have done very well in relative terms because we have had, as a policy, a desire to lower the unemployment rate and to provide for balanced development in this province, and we have achieved it. We have the lowest unemployment rate in the country two months out of three. Structurally, I think, we should be in the order of third or fourth. But for the first time in the history that I know, we have had the lowest unemployment rate.

We have people saying, this government is doing a number of very good things with respect to economic development. — (Interjection) — Well, I'm not sure about that. I think that people like the Investment Dealers have praised the budget, have praised the economic performance. Other people have come forward, the Manufacturers Association . . .

A MEMBER: What bonds are they flogging for us?

HON. W. PARASIUK: We don't hold them captive, again, they were praising us for what we are doing. Very positive, very positive responses, very positive approaches. It's a pretty good thing to deal with them. It's a pretty good deal. — (Interjection) —

Well, I'm surprised, if you want to start branding the members of the Canadian Manufacturers Association who - you're calling them nuts, then I'm glad. The Member for Minnedosa just said, "some nuts speaking out."

I believe that those people had some integrity when they came before us. The Member for Minnedosa might think otherwise. I will, in fact, be meeting with them in

the future. I will be asking them, whether in fact they think that they are nuts, or whether they think that they have something to offer in terms of advice. Now we're just saying that it's one of them. So I can say, one of you, according to the Member for Minnedosa, is a nut. The others, well, we're not sure.

We don't take them out and wine them and dine them. That's the interesting thing.

A MEMBER: That's the Tory approach.

HON. W. PARASIUK: It's a different approach.

We met them in a fairly spartan room. We met them in a fairly spartan room and their responses were very very positive. Very positive.

Now they're starting to say that somehow - again from their seats they are saying that somehow we are buying the businessman of the Province of Manitoba. We do not believe the businessman of Manitoba can be bought and we don't want to try that. I'm shocked that some Conservatives would infer otherwise.

I have indicated, previously in debate here, that we will provide the information. We believe that we have worked hard over a two-year period to achieve prospects that are very good for Manitoba. I think the future looks exceedingly good for Manitoba. That doesn't mean that we can't be affected by unforeseen circumstances. We can have short-term oscillations in interest rates. Over the long term I think they will stabilize and steady up. In real terms they still are fairly high. But over the long term, we believe that the 1990s, the 21st century is indeed, Manitoba's.

We have abundant Hydro resources which we can rebuild in part, gain a return on that, and still meet our needs and provide jobs at the same time. Everyone is saying, well you shouldn't be trying all those things, casting doubt on them, raising concerns.

Yes, we admit that there are risks when one takes longer-term development. But we're talking about 12-year development. We are talking about a 12-year agreement, contrasting that with a 35-year agreement which people on the other side at that stage were not questioning. Now they question a 12-year. We find that there's some inconsistency and contradiction in approach there.

We believe that . . .

A MEMBER: What else do you sell cheaper that way?

HON. W. PARASIUK: . . . we believe that we should try and negotiate deals that are fair to all parties. Somehow the opposition is saying that we should sell at cost or even at a loss, because if we sell all of Limestone, that means it costs us more to meet our needs through Conawapa. Because Conawapa does cost a bit more than Limestone. But the member says, we are doing this for Western Canada.

Now I would have thought that if anyone could afford to do anything for Western Canada, it might be drawn out of the \$16 billion or \$14 billion Heritage Fund. That wasn't the case. Manitoba had to supply it at cost. There is a difference. There are still some good things involved with an Inter-tie though. I don't deny that. But I believe that the way we are proceeding right now, will provide profit, will provide a facility for us that we

will continue to own, that we will have the power after 12 years. We will have jobs in the interim, we will have a beneficial impact on Hydro rates because of the profit that we gain, compared to what would happen if we had to bring that dam on stream into a system without having sold some of it because you have the problem with the factors of production of Hydro not being finely divisible. So there are those contrasts.

We will take them for it and we will have these debates on an ongoing basis. Obviously the Conservatives will put forward one side which I believe has clearly been indicated to be negative, clearly negative. We will put forward the other side, which is positive. We will talk to the people about whether in fact they as well have confidence in the future of Manitoba; or whether in fact they are the naysayers and lack the confidence, are pessimistic about Manitoba's future and in a sense are afraid to turn on the light. We believe that the people of Manitoba want to turn on the light. They believe that we have tremendous future and they believe that they have to work positively to achieve that. So the contrast is clear and we look forward to continuing to debate it and to the future.

MR. DEPUTY CHAIRMAN, D. Scott: The Member for Tuxedo, the Leader of the Opposition.

MR. G. FILMON: Mr. Chairman, the member continues to replough the same ground that he has established during the course of the evening. He tries to say that the opposition is simply being negative. Mr. Chairman, we're neither being negative nor positive, what we are doing is asking for information. We're asking for the Minister to put on the record, we're saying that if the information that the Minister provides is in accordance with what appears to be the information, there are serious concerns. We need to have the facts. We need to have the facts against which we can make the calculations, make reasoned judgments. Mr. Chairman, I can well recall this Minister of Energy, his colleague now, the Minister of Finance, his colleague, the Minister responsible for the Treasury Board, bleating away in 1981 about the fact that the mega projects were not good for Manitoba, bleating away during the campaign of 1981 about resource giveaways, telling the people of Manitoba that no one would lose their farm, no one would lose their business, no one would lose their house. All of these promises, signed and guaranteed, jobs for the people, all of these things.

Now, Mr. Chairman, the Minister takes great umbrage at the fact that we want more information; we want some assurances; we want some protection for the people of Manitoba, protection against rising hydro rates, higher hydro bills and rates than perhaps our customers that were signing these big deals with maybe paying in future. — (Interjection) — There's a good point. The Minister of Finance says that they didn't get the information before the election. He said, Mr. Chairman, during 1981, that we ought to put the information on the table and have the complete negotiations done in public before a deal was signed.

Today they have a different view. They came to us a week or so ago and said, "we have signed the deal." Without having the information on the table ahead of time, it's signed, this is it, except that the Minister of

Energy and Mines can't tell us the answers to some vital questions. He can't tell us what assumptions were made for interest rates in order to arrive at this agreement. He can't tell us what they're going to do with respect to the recapture of capital, what they're going to do with respect to operation costs, maintenance costs, overhead for their share of the use of this plant and the portion that they're selling.

What are they going to do with all these things? He can't tell us about these things now. He says you'll get the answers later, but he's the person who signed the agreement on behalf of the people of Manitoba, on behalf of the public and the Government of Manitoba. But he doesn't have that information right at his fingertips. It seems to me that it's vital. It seems to me that it's the whole rationale behind being able to say whether or not this is a good agreement, whether or not there is a \$1.7 billion profit. He can quote that just like that, but he can't quote something like what are the interest rate assumptions.

It seems to me, Mr. Chairman, that there is a great void here. There is a great lack, Sir, of credibility and until we have some assurances and some information with which to go, how can we be other than questioning? How can we exercise our responsibility on behalf of the people of Manitoba if we don't question, if we don't ask to have the proper information put before us? All he can say is, well, of course, you're being negative - being negative, because we're taking the responsibility to ask the questions that Manitobans expect of us to ask. That, he says, is a negative attitude.

Well, Mr. Chairman, the people of Manitoba want to be assured, want to be protected, and yet we can't get those answers. Is it any wonder, Mr. Chairman, that we sound a little negative, sound a little curious, sound a little questioning? We have to be. We have to be, Mr. Chairman, because if we are not, then the people of Manitoba won't be protected.

MR. DEPUTY CHAIRMAN: 1.(a)—pass.

Resolution No. 63: Resolved that there be granted to Her Majesty a sum not exceeding \$1,058,400 for Energy and Mines, Administration and Finance—pass. Committee rise. Call in the Speaker.

IN SESSION

The Chairman reported upon the Committee's deliberations to Mr. Speaker and requested leave to sit again.

MR. DEPUTY SPEAKER, P. EYLER: The Honourable Member for Inkster.

MR. D. SCOTT: Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Member for Rupertsland, that the report of the committee be received.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The Honourable Government House Leader.

HON. A. ANSTETT: Mr. Speaker, I move, seconded by the Minister of Agriculture, that the House do now adjourn.

Monday, 18 June, 1984

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. tomorrow (Tuesday).