of AECL? When the government says it is losing $100 million a year on heavy water plants in Cape Breton, does it take into account long-term receivables with respect to the future sale of the present inventory? Are these receivables being treated as deferred revenue or are they included in the $100 million per year loss picture as portrayed by the government?

As everyone knows, the manner in which one uses figures can be very deceiving. The government, as I have said, continues to talk of an average $100 million loss per year over the last five years due to the continued operation of the two heavy water plants. But the government never talks about the value of the inventory. I am told that an average of well over $100 million worth of heavy water has been produced each year for the last five years. That would place the present value of the total inventory at well over half a billion dollars. What no one on the government side is saying is that, when the inventory is sold, the government will be reimbursed and those losses, presumably, wiped out. It is not inconceivable that a profit will be realized down the road.

With respect to long term prospects, I want to quote a paragraph from the AECL Corporate Plan Summary, which was tabled by the government leader in the Senate on June 11, and referred to by the Leader of the Opposition on June 12.

> The preservation of Canada's nuclear capabilities is indispensable to Canada's long-term economic development prospects. Despite intensive international investigation for alternatives, no technology or fuel source other than nuclear yet exists or appears on the horizon which can credibly displace fossil fuels as a source of future electrical capacity. AECL's strategy over the long-term perspective focuses on its internationally recognized and diversified technological base in nuclear and related sciences. The company's key "product" to date and in the future is the CANDU system and its support technology. The further development and evolution of this technological base will provide the essential competitive depth required to keep CANDU in the forefront of a resurgent power reactor market and will generate commercial spinoffs which will result in new marketable products in the future.

We are also aware of plans to construct the Lepreau II plant in the province of New Brunswick at a cost of $1.5 billion. We are told of the very real possibility of a Candu sale to Turkey. One or two more sales would use up the entire inventory.

● (1710)

Against that background, I suggest it is shortsighted and, indeed, highly irresponsible for the government to dismantle the two heavy water plants in Cape Breton. I would hate to think that the grand plan of AECL is to produce future requirements for heavy water in a plant or plants in the province of Ontario or some other region of Canada when we now have two first-class plants in Nova Scotia.

One has to live in the area to understand the real hardships which face the people. I plead with supporters of the government to help persuade the proper authorities to change their decision in the interests of fairness and justice.

Beyond the immediate adverse effects of the budget on the Atlantic region, the announced intentions of the government concerning the wide adoption of cost-recovery in the provision of public services, reductions in transportation subsidies and transfers to provincial governments also indicate additional losses for the Atlantic provinces in the years ahead. Budget papers tabled with the budget last May 23 reveal that the government intends to reduce transfer payments to the provinces under the Equalization Program and the Established Programs Financing arrangements by about $2 billion in 1990-91. This is a significant amount and will affect, primarily, the poorer provinces, since only they receive equalization payments. In this context one can understand the frustrations that led the Conservative Premier of Prince Edward Island, Jim Lee, to make the following statement which was quoted in the *Globe and Mail* under the heading "Atlantic Provinces 'short-circuited' by Wilson budget on June 11 1985":

> The Atlantic provinces did get short-circuited in this budget, there's no two ways about it. A number of things will have a drastic impact on Atlantic Canada and this is why I say the federal Government has to be educated to the fact that there is a need to address our special needs much differently than they have in this budget.
>
> We have obstacles to growth that have to be overcome before we can shoulder our fair share of the national deficit and we're prepared to do that, but we can't do it with two strikes against us and maybe this budget is a third strike for some areas.

In its preliminary analysis of the impact of the federal budget, APEC, the Atlantic Provinces Economic Council, says that it appears that for the Atlantic region the federal budget will do little to stimulate growth and may even have a dampening effect. I should like to quote from the APEC analysis as follows:

> Government expenditure cuts are likely to hit this region hard because of the relatively greater dependence on government spending in the Atlantic Provinces, and because of the nature of the cuts. Incentives for the private sector to invest and create employment may not be as successful in compensating for the negative impact of the expenditure cuts because the private sector is so small and the economy in many parts of the region is less than buoyant. APEC's advice—

I should like you to note this carefully—

> —to various Cabinet Members for a renewed commitment to regional economic development through a variety of means designed to enhance the private sector in the Atlantic region was largely ignored in the federal budget.
>
> The complexity of the budget and delayed impact of some measures means that it is difficult to quickly analyze the net impact of budget measures on this region. In addition, further program rationalizations are likely to