

>NISICHAWAYASIIHK CREE NATION<

WUSKWATIM PROJECT UPDATE

PRESENTATION TO NCN MEMBERS

SPEAKING NOTES

FEBRUARY 2005

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Welcome everyone. Thank you for being here.

I want to give you an update on the Wuskwatim Project and future development activities.

If you have questions following this brief presentation, please ask me or any other members of council, our community consultants, technical advisors and ATEC staff who are here tonight.

Let me introduce them to you.

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I want to update you on:

- The status of the Project Development Agreement, or PDA
- A new trust that would be set up to handle the profits from the project, if it goes forward
- Regulatory approvals
- Training, jobs and business opportunities
- Contracts we have been negotiating as part of the project
- South Indian Lake's bid for a new reserve, and
- The ratification vote on the agreement.

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First, we'll talk about the Project Development Agreement or PDA.

The PDA is now in its final draft stage and will soon be available to Members for consideration.

It has taken longer than expected to finalize the agreement because many of us were extensively involved in other key activities last year, particularly the Clean Environment Commission hearings. We spent the better part of a year preparing and taking part in that process.

I can't give you a final date for the completion of the PDA, but I hope it will be available to you before March or April.

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The substance of the PDA will be little changed from the Summary of Understandings, or SOU, that we have been talking about over the past year.

The main difference between the PDA and the SOU is the detail of the legal language and the detail of the financial arrangements. If you understand the SOU, you will understand the PDA.

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New financial projections will reflect an increase in the overall cost of construction due to the delay in starting construction, higher overheads, requirements for a larger camp and additional environmental monitoring during construction. The costs of steel and other construction materials have also risen sharply in the past year.

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The generating station is now expected to cost about \$886 million to construct.

This represents a 17 percent increase over the previous \$756 million cost estimate.

You may have seen the Winnipeg Free Press article today in which I refer to the older numbers. This interview was given over a week ago and it's now out of date.

The additional costs will require NCN to make a larger investment, if we want to own a one-third share of the generating station.

The proposed Wuskwatim Power Partnership of NCN and Manitoba Hydro will borrow 75 percent, or about \$664 million, of the total cost of construction of the generating station and this will be treated as the partnership's debt.

This type of debt is typically considered long-term debt and will remain at approximately 75 percent of the value of the station (a value which will slowly decline over time.) This practice of maintaining a steady debt ratio is typical for many large corporations.

The generating station will be of value for many decades, and so the debt does not need to be paid off except very gradually.

The remaining 25 percent, or about \$222 million, needed to construct Wuskwatim will be paid directly by NCN and Manitoba Hydro.

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Here is how we would finance Wuskwatim.

NCN's one-third share of this capital investment is around \$73 million. And again, remember these are estimates.

Hydro will lend NCN two-thirds, or \$49 million, of the \$73 million needed. NCN will need to raise the balance of about \$24 million from other funding sources and NCN's own cash contributions.

Through the Nisichawayasihk Trust Community Approval Process, or CAP, we have already set aside over \$2 million and we can set aside more before 2010 or

2011, when the construction is expected to be completed.

We also hope to obtain money from funding agencies. Still we wouldn't have to make this large investment for at least six years and we would only need to invest \$1 million when construction begins.

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The profits from Wuskwatim could be available to us after we repay the loan to Manitoba Hydro. Loans will be repaid from our share of revenues from the project.

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A proposed new trust would be established to receive Wuskwatim's profits.

The Trust would also receive annual payments from a Transmission Development Fund and payments from an agreement to be in place to compensate NCN for any adverse effects of the Projects. However, adverse effects of Wuskwatim are expected to be minimal.

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The Trust would operate like the 1996 Nisichawayasihk Trust, but it could grow to be much larger over the long-term. In this way, NCN community projects, such as services, programs and housing, would benefit from Wuskwatim's potential profits and the community would direct the distribution of the money.

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NCN could also use these profits to invest in other future economic development projects for the ongoing prosperity of our First Nation, similar to our successful investment in the Mystery Lake Hotel.

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While we have been working to complete the PDA, the entirely separate regulatory process is continuing.

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The Wuskwatim project needs approvals and licences from both the federal and provincial governments to proceed.

These licences haven't yet been issued, but are expected in the near-term.

The provincial and federal governments are awaiting the final report of the regulatory authorities, regarding the protection of our treaty and Aboriginal rights covered by Section 35 of the Canadian Constitution and other matters related to the project. We hope their report will be released soon.

The Clean Environment Commission has already recommended the project go

ahead.

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Even though the consultative and regulatory processes have taken longer than expected, construction of the Wuskwatim project could still begin later this year.

It will take about six years to complete construction of the generating station and transmission lines.

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Training, jobs and business opportunities are the most immediate benefits of the Wuskwatim project.

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Job training is available through ATEC, which is a non-profit, community-based, training facility in Nelson House.

The \$8.1 million facility is currently under construction and will be completed this summer.

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ATEC has been offering training programs for the Wuskwatim Project since 2003. Nearly 170 of our Members have already completed training. And all have had work experience or full-time employment as a result, including over 70 who are still employed.

For example, they have found jobs as plumbers, carpenters, electricians, labourers and heavy equipment operators, in clerical work and in security.

Currently there are over 40 people in training and ATEC is keen to see more NCN Members enrol in programs.

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ATEC's current focus is to provide training to NCN Members for jobs on the Wuskwatim project.

Provincial and federal governments have provided funding to help train NCN Members to take full advantage of the opportunities offered by Wuskwatim.

In the long-term, ATEC will help NCN Members and others to prepare for careers beyond the Wuskwatim project as well.

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To get a job on the Wuskwatim project, you must register with ATEC, whether you take part in a training program or not. ATEC is the referral agency for all NCN Members seeking jobs on this project.

Qualified NCN Members will be given preference for jobs on Wuskwatim as part of the Burntwood Nelson Agreement, or BNA, still being negotiated.

The BNA is a labour union agreement covering workers on the project.

So if you are interested, please register. It is easy to do.

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The ATEC program is designed to assist Members to meet the basic entry requirements, even those without the necessary education.

There are four simple steps. Once you register, your work background and training history will be reviewed, then you will be referred for career counselling to help you decide what's best for you and then training begins.

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We want our Members to succeed and we have designed the ATEC programs to achieve this. There are a number of support programs to help Members make their training program a success.

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A wide range of training options are offered including:

- Business and administration
- Carpentry
- Electrical
- Plumbing
- Welding
- Heavy-equipment operating
- Truck driving
- Iron working
- Truck and transport mechanic
- General labour
- Security
- And catering.

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We have also worked very hard to negotiate a number of contracts to offer Wuskwatim business and employment opportunities directly to our Members.

And the potential profits from these contracts would go back to the community.

The contracts being negotiated between Manitoba Hydro and NCN include:

- Access-road construction
- Transmission-line clearing
- Site-infrastructure construction

- Construction-camp catering
- Security for construction
- Cross-cultural awareness training, on-site counselling, and ceremonies during construction.

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While we plan for the Wuskwatim Project, it is also important to consider the impact South Indian Lake's bid for new reserve status may have on the Wuskwatim project.

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For many, many years, South Indian Lake has sought its own reserve status and NCN has always supported SIL as it moves towards this goal.

Over the past five years, SIL and the provincial and federal governments have made significant progress towards this goal. And as a result, SIL could have its own reserve as early as this spring.

But that is just my guess. After all, this has been a very long process.

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If it happens before our vote, there will be implications for NCN and the Wuskwatim Project.

Primarily, it would mean SIL Members wouldn't be eligible to vote in the upcoming PDA.

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NCN Members, of course, will be able to vote on the PDA – wherever they may live.

But, as I said earlier, the vote on the Project Development Agreement is still some months away.

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The vote is likely to be held in late spring or early summer to give all Members an opportunity to understand and consider the proposed agreement.

A double majority of voters is required to approve the PDA. This means a majority of eligible voters must vote, and a majority of those who vote, must vote yes. It's up to you to decide and it's very important you vote.

Without support for the PDA, the Wuskwatim Project is unlikely to proceed, because Manitoba Hydro has said it will not go ahead if the Project fails to receive a majority of support.

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Wuskwatim has already had a positive impact on our community.

A number of our Members are currently involved in Wuskwatim-related projects. And as you've heard, many have received training and are looking forward to jobs on the project.

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Wuskwatim is about our future. Our children need encouragement to stay in school and get a good education. This can only happen when they believe there are real opportunities for work and achievement when they graduate.

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Future Development has been a community-driven process. From the beginning our community has come together to explore this opportunity. NCN Members from all walks of life, make up our team of community consultants.

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The Future Development Team has worked hard to keep you informed about the project and key information has been widely distributed. I know our efforts haven't been perfect but we are trying our best to keep you informed and we will work even harder leading up to our vote on the PDA.

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The most important thing to know about this project is that we have proceeded with the utmost respect for our People and our environment.

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Our Traditional Knowledge was incorporated into the design of the proposed Wuskwatim project from the beginning.

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Flooding would be confined to a small area because we insisted on a low-head design. The flooded area is shown in red and amounts to less than one half of a square kilometre.

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The amount of flooding from Wuskwatim will be nothing like the flooding caused by the CRD.

This illustration on the screen clearly demonstrates that. The large box represents the flooding caused by the CRD and the little one represents flooding that would be caused by Wuskwatim.

By the way, the flooding anticipated by the Peace of the Braves Agreement in Quebec, that you have heard so much about, will be nearly 10 percent greater

than the flooding caused by the CRD.

So if you think the Quebec deal is good, think about the CRD all over again, plus even greater flooding.

Even the CEC said there was no comparison between our deal and the one in Quebec. They just aren't comparable.

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Our Traditional Knowledge was also incorporated into the assessments and studies of the potential impact on our waterways, land, air, plants, animals...

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... and our People.

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The location of the construction camp and access road to the site were also selected using the Traditional Knowledge of our Elders and resource users.

We have also developed an access management plan with Manitoba Hydro to protect our resources and sacred places in the vicinity of Wuskwatim Lake.

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We will offer onsite cross-cultural awareness workshops and counselling for workers on the project, organized by a full-time coordinator and support staff.

There will be ceremonies prior to construction of both the road and the dam. If there are remains or cultural material found during construction, it will be stopped to conduct proper ceremonies and to deal in a respectful way with what has been found.

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So, to conclude I just want to emphasise the benefits of the Wuskwatim project...

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We will have the opportunity to own up to a one-third share of the generating station. This means one-third of the potential profit, and potentially many millions of dollars every year, over the long-term. This is a first for any Manitoba community, let alone a First Nation. It is unprecedented.

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There will be training and jobs for qualified Members.

But it is still up to you to take advantage of these opportunities.

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And there will be new business opportunities as well for our entrepreneurial Members.

The next big step in this process is the Project Development Agreement, which you will have an opportunity to vote on later this year.

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Thank you for taking part in this process. We welcome your questions over the course of the evening and ask you to visit our website or give us a call if you have any additional questions.