

Fourth Session - Thirty-Eighth Legislature
of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS
Official Report
(Hansard)

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The Honourable George Hickes
Speaker*

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	P.C.
CUMMINGS, Glen	Ste. Rose	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri	Fort Garry	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
PENNER, Jack	Emerson	P.C.
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ROCAN, Denis	Carman	P.C.
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ROWAT, Leanne	Minnedosa	P.C.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
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SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
Vacant	Fort Whyte	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, November 18, 2005

The House met at 10 a.m.

PRAYER

ROUTINE PROCEEDINGS

INTRODUCTION OF BILLS

Bill 13—The Conservation Districts Amendment Act

Hon. Steve Ashton (Minister of Water Stewardship): Mr. Speaker, I move, seconded by the Minister of Finance (Mr. Selinger), that Bill 13, The Conservation Districts Amendment Act, be now read a first time.

Motion presented.

Mr. Ashton: Mr. Speaker, this is basically a minor amendment that deals with a very important part of Manitoba, our conservation district movement which has gone from nine to seventeen in the last six years, and this will add an additional citizen rep to the Conservation District Commission ensuring again the growth and expansion of this unique Manitoba way of protecting our watersheds, the conservation district.

Mr. Speaker: Is it the pleasure of the House to adopt the motion? [*Agreed*]

PETITIONS

Coverage of Insulin Pumps

Mr. Kelvin Goertzen (Steinbach): I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

Insulin pumps cost over \$6,500.

The cost of diabetes to Manitoba in 2005 will be approximately \$214.4 million. Each day 16 Manitobans are diagnosed with the disease compared to the national average of 11 new cases daily.

Good blood sugar control reduces or eliminates kidney failure by 50 percent, blindness by 76 percent, nerve damage by 60 percent, cardiac disease by 35 percent and even amputations.

Diabetes is an epidemic in our province and will become an unprecedented drain on our struggling health care system if we do not take action now.

The benefit of having an insulin pump is it allows the person living with life-altering disease to obtain good sugar control and become a much healthier, complication-free individual.

We petition the Legislative Assembly of Manitoba as follows:

To request the Premier (Mr. Doer) of Manitoba to consider covering the cost of insulin pumps that are prescribed by an endocrinologist or medical doctor under the Manitoba Health Insurance Plan.

Signed by Jeannette Gosselin, Guy Allard, Raymond Comeault and many, many others.

Mr. Speaker: In accordance with our Rule 132(6), when petitions are read they are deemed to be received by the House.

* (10:05)

Crocus Investment Fund

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

The background to this petition is as follows:

The Manitoba Government was made aware of serious problems involving the Crocus Fund back in 2001.

As a direct result of the government ignoring the red flags back in 2001, over 33 000 Crocus investors lost over \$60 million.

Manitoba's provincial auditor stated "We believe the department was aware of the red flags at Crocus and failed to follow up on those in a timely way."

The relationship between some union leaders, the Premier (Mr. Doer) and the NDP seems to be the primary reason as for why the government ignored the red flags.

We petition the Legislative Assembly of Manitoba as follows:

To request the Legislative Assembly of Manitoba to consider the need to seek clarification on why the government did not act on fixing the Crocus Fund back in 2001.

Signed by Dave Maxwell, Sandra Maxwell, Sharon Luchuck and many, many more.

ORAL QUESTIONS

Winter Heating Cost Control Act Justification

Mr. Glen Cummings (Deputy Leader of the Official Opposition): Mr. Speaker, this government has introduced The Winter Heating Cost Control Act.

Some Honourable Members: Oh, oh.

Mr. Cummings: Scattered support from the government caucus at best.

Mr. Speaker: Order. The honourable member.

Mr. Cummings: This creates a perverse cross-subsidization with legislation that they have now introduced. Mr. Speaker, not only does it violate good public policy and business principles, it also violates sound environmental thinking.

Will this Premier (Mr. Doer) explain did he personally devise this legislation or did he get a recommendation?

Hon. Dave Chomiak (Minister of Energy, Science and Technology): Mr. Speaker, the Public Utilities Board, in a recent order, indicated that natural gas prices are the highest level ever and recommended that measures be put in place by Manitoba Hydro to reduce consumption of natural gas that is at an all-time high. When the members opposite bought Centra Gas in 1999, natural gas prices were about \$2 to \$3 a gigajoules. Right now at the spot market they are anywhere from \$12 to \$14 a gigajoule.

When we introduced legislation to equalize hydro rates across the province, members opposite said that was wrong, Mr. Speaker. They were wrong then, they are wrong today.

Mr. Cummings: Mr. Speaker, I think many people in the public know who is wrong. It is that minister and that government.

This government has introduced legislation that will have the ratepayers of Hydro subsidizing the cost of natural gas in this province to the ratepayers of the gas corporation, a cross-subsidization that violates almost every principle of good government. Will this minister reconsider his legislation?

*(10:10)

Mr. Chomiak: Mr. Speaker, the member is wrong in his interpretation of the act. The act specifically indicates that a fund should be put in place from export revenues that will deal with energy efficiency and reducing demand, as the PUB has ordered and recommended, so that people all across Manitoba who may not be in a position to pay their heating bills over the next two years can reduce their demand and reduce the consumption of natural gas so that people can live and maintain their lives. I think that is good public policy and is supported by the public of Manitoba.

Mr. Cummings: No business principles, Mr. Speaker. This government has just indicated that this minister will have responsibility for a fund with ministerial discretion that will allow him to put money from Manitoba Hydro over to subsidize gas consumption. This is bad business. It is bad public policy. He should reintroduce an alternative.

Hon. Gary Doer (Premier): Mr. Speaker, if the member opposite will read Order 135/05, he will find on a number of pages, including page 16, dealing with the principles require action because of the natural gas crisis. This is in the PUB. There is no province in Canada that is doing more to deal with demand side than this government. David Suzuki said we are the best province in Canada dealing with conservation. We have the highest uptake in geothermal. We have the highest amount of conservation measures anywhere in Canada, and I am surprised that members opposite are in favour of a 20 percent rate increase for consumers on February 1. Thank goodness this government is doing something to protect the consumers.

Winter Heating Cost Control Act Justification

Mrs. Bonnie Mitchelson (River East): The Public Utilities Board did not say that this government should bring in legislation to set up its own slush fund to cross-subsidize hydro and natural gas rates, Mr. Speaker.

The legislation that is in front of this House by the Minister responsible for Hydro cross-subsidizes natural gas rates with Manitoba Hydro customers. Yet this minister yesterday said, and I quote, "In philosophy we do not and will not cross-subsidize." If the minister does not believe in cross-subsidization, why did he introduce this legislation? Who is pulling his strings?

Hon. Dave Chomiak (Minister of Energy, Science and Technology): Mr. Speaker, the people of Manitoba who are facing the highest natural gas prices in the history of the province are whose strings we are being pulled by. Last week, the member said why are you not subsidizing business. Last week, that member said why are you not giving money to non-profits because they have high natural gas prices. Yesterday, in the briefing with the member, I said this would allow us to help people like non-profits and low-income Manitobans and businesses. What position are members opposite now taking? Now whose side are they on, the ones who bought natural gas in the first place?

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

* (10:15)

Mrs. Mitchelson: Thanks, Mr. Speaker, but I would just like a little bit of calmness and a little bit of stability from this Minister responsible for Hydro, the minister who is talking out of both sides of his mouth. On the one hand, he introduces legislation that says "We are going to cross-subsidize," and, on the other hand, he says, "I don't believe in cross-subsidization. It is not my philosophy. It is not in the cards."

Mr. Speaker, if the minister does not believe in it, who advised him to write this legislation? Was it the Premier (Mr. Doer) or was it the officials from Manitoba Hydro? Who recommended this legislation to him?

Mr. Chomiak: Mr. Speaker, the PUB made an order to Manitoba Hydro telling Manitoba Hydro that rates were higher than ever, and we are very concerned about low income and others. I leave it to the record that members opposite can take the position do they support a 20 percent rate increase to low income, to non-profit, to Manitobans or do they support freezing and helping Manitobans to decrease their use of natural gas. They have a choice. They can make a choice in this bill. I will

let the people of Manitoba decide who supports their needs.

Mrs. Mitchelson: Mr. Speaker, I think taxpayers and ratepayers do not want a minister who tries to suck and blow at the same time.

Mr. Speaker, we have a minister—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mrs. Mitchelson: Mr. Speaker, we have a minister that has brought in legislation that is contrary, as he stated, to his philosophy and his beliefs. Who directed him to bring in this legislation?

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. I just want to remind the House that the term "suck and blow" has been ruled out of order by other Speakers in the past because it could have different meanings to different people. So I would caution members to pick and choose their words very carefully.

Hon. Gary Doer (Premier): The people of Manitoba, who we listen to, cannot afford a 10 percent rate increase this summer in natural gas prices and a 20 percent rate increase on February 1. You can vote with the people or you can vote against the people, Mr. Speaker.

Mr. Speaker, last week members opposite were crying, including this member, that business and non-profits were not included in a PUB decision. This minister freezes the business rates and the non-profit rates effective February 1. You can vote with the non-profit groups or you can vote against them. Take a choice.

Winter Heating Cost Control Act Justification

Mr. Ron Schuler (Springfield): Mr. Speaker, in commenting on the cross-subsidization of natural gas, former Premier Ed Schreyer said, "the most retrograde step the government could possibly take. It is so wrong, it is perverse."

The question is: Who made this decision? Was it the Premier? Was it the Premier, that hydro ratepayers would pay for this and not general revenue?

Hon. Dave Chomiak (Minister of Energy, Science and Technology): That is very curious. Now members opposite want us to take taxpayers' money and put it into subsidies. Now I see where

the term of the Member for River East (Mrs. Mitchelson) came from, that I cannot use, Mr. Speaker, because of civility.

Mr. Speaker, we are trying to manage people in that member's constituency, people across the province who have the highest natural gas rates in the history of the province. Words are not going to matter. Words about cross-subsidization, subsidization are not going to matter when they pay their bills. We are saying we want to freeze their bills so they can stay in their homes. If members want to vote against that and want to play word games that is fine with me. We will stand on the side of consumers and taxpayers who live in a climate that requires home heating as a necessity, not as a frivolous thing.

* (10:20)

Mr. Schuler: Mr. Speaker, people in my constituency have commented on this. In fact, I will quote Mr. Schreyer, "In philosophy, we do not and will not cross-subsidize," said the minister involved, "and that happens to be me," said the minister, and in reply to that said my constituent, "it is emphatically wrong."

Mr. Speaker, the question is who made the decision that Hydro ratepayers would cross-subsidize natural gas as compared to the government doing the courageous thing and taking care of that issue in a proper fashion at the Cabinet table and making that decision themselves. Who made that decision for Hydro? Was it Hydro or was it the Premier?

Mr. Chomiak: Mr. Speaker, I am pretty sure that that member's constituent did not vote for that member, but I am only guessing.

Mr. Speaker, concerning that particular member, I just want to say that the decision will be made by the elected representatives of the people of Manitoba in this Legislature. That is why legislation is in effect, to empower and allow Hydro to make decisions with respect to demand-side management, energy efficiency and all of those issues that will reduce the costs for Manitobans, preserve our natural gas and preserve our electricity and not see profits in the billions of dollars go out of Manitoba to other jurisdictions. We can keep it here and grow Manitoba. That is what we are trying to do, and if members opposite are against that, they can vote for it.

Mr. Schuler: Mr. Speaker, this is playing out like a three-ring circus. We have the former Premier talking about the most retrograde, perverse and emphatically wrong decision—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Schuler: We have the former Premier of Manitoba, NDP Premier, saying most retrograde, perverse, emphatically wrong. In response to that we have the minister saying we do not and will not cross-subsidize, but we have a bill, Bill 11, which does exactly that. That, Mr. Speaker, is a definition of a three-ring circus which we see across the way.

Is it now not time to consider withdrawing Bill 11 until they figure out where they stand, how they are going to do this and start talking to their friends, Mr. Speaker? Until then, withdraw Bill 11.

Hon. Gary Doer (Premier): I know that reading is not a required responsibility for members opposite, but if they would read the PUB decision of October 2005, natural gas price increases have provided a business case for the apparent linkages between natural gas and electricity, providing opportunities not contemplated at the time of acquisition.

Mr. Speaker, this ruling also goes on to talk about demand side in conservation. This government, according to David Suzuki, is doing more demand-side work, more conservation, more geothermal, more reliance on fossil fuels than any other government in Canada. Having said that, a senior citizen in Manitoba does not have the ability in the short term to go out and change their furnaces or go to geothermal. They are going to be faced with a 20 percent rate increase in February which is a perverse increase for senior citizens. You can vote with the senior citizens or you can vote for some other concept that is ideologically driven.

Manitoba Hydro Rate Increase Justification

Mrs. Bonnie Mitchelson (River East): Mr. Speaker, it was clear in the minister's briefing yesterday that one of the purposes of the bill is to control consumer costs for natural gas. He indicated that in his briefing. That is cross-subsidization, no matter how you look at it.

Mr. Speaker—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mrs. Mitchelson: Mr. Speaker, yesterday Manitoba Hydro released its second quarter results which showed a net income of \$192 million in the first six-month period.

My question is very simple to the minister. At a time of unprecedented revenues, why did Manitoba Hydro apply to the Public Utilities Board on November 1 for a hydro rate increase of 2.5 percent in April of 2006 and another 2.5 percent in April of 2007? Why, Mr. Speaker?

* (10:25)

Hon. Gary Doer (Premier): Mr. Speaker, after a great deal of gnashing of the teeth of the members opposite, we actually did bring in a bill to cross-subsidize in Hydro. We actually had the old way of dealing with Hydro to charge farmers and northern residents more than the city of Winnipeg, and we brought in a bill to equalize rates across Manitoba.

Members opposite said the sky is falling and then at the end of the day they had the vote with the wisdom of the NDP. You have a choice. Do you want to control a 20 percent rate increase or do you not, Mr. Speaker?

Mrs. Mitchelson: Well, now I have heard it all, Mr. Speaker. That was not cross-subsidization, taking money out of Manitoba Hydro and putting it into a slush fund that this government will have ultimate power and authority over.

It is a slush fund and a piece of legislation that has been put in place until after the next provincial election when they can jack rates up. That is their track record as government, Mr. Speaker, and Manitobans can see through that.

Mr. Speaker, my question is very simple. At a time of unprecedented revenue growth at Manitoba Hydro, why has this government through Manitoba Hydro gone to the Public Utilities Board for a 2.5 percent rate increase in April of next year and another 2.5 increase in hydro rates in April of 2007?

Hon. Dave Chomiak (Minister of Energy, Science and Technology): Mr. Speaker, both Centra and Manitoba Hydro regularly go to the Public Utilities Board, which I thought members opposite supported until recently, I guess, to go for rate increases.

When Manitoba Hydro went to the Public Utilities Board for a rate increase with respect to Centra Gas, they went for a lower rate increase, Mr. Speaker, and the Public Utilities Board allowed the rate to flow through for business and members opposite questioned and condemned us when we even, in fact, did not make that decision.

Now, Mr. Speaker, when we are trying to freeze rates we are somehow manipulating, when in fact Manitoba Hydro regularly goes and they regularly go to PUB to make a rate decision. PUB makes the rate decision. We do not make the rate decision except in this instance where we are saying natural gas prices are too high and Hydro withdrew its rate application when it received the approval from the PUB in October so electrical rates would not go up over the winter season.

Mrs. Mitchelson: Quite frankly, I mean, we see a government that is completely out of control and does not know how to manage its affairs and its Crown corporations. Mr. Speaker, at a time when they are looking at raiding Manitoba Hydro again to set up a political slush fund for their own purposes, they are asking Manitoba Hydro ratepayers to pay more, to increase their rates.

Will this minister stand up and tell Manitoba Hydro ratepayers why in fact when their revenues are unprecedented, at unprecedented highs, that he is going to the Public Utilities Board to ask for more money out of Hydro ratepayers' pockets? What is the rationale?

Mr. Chomiak: Mr. Speaker, the members cannot have it both ways. First off, the money in the fund will be managed, operated, administered and stay in Manitoba Hydro for uses of encouraging electricity and natural gas energy efficiency and conservation, encourage gas system viability, development of alternatives to natural gas and control consumer costs for electricity and natural gas.

I think that is a pretty good thing for Manitobans to do at a time when Manitobans are facing a 20 percent increase in February for natural gas. Electricity is frozen over the winter. Natural gas will now be frozen over the winter, Mr. Speaker, and rates will be smoothed out. According to this act, rates will be smoothed out following the winter season so people do not experience rate shock, following the directive of the PUB.

* (10:30)

**Winter Heating Cost Control Act
Justification**

Mr. Jack Reimer (Southdale): Mr. Speaker, \$192 million in six months. This is what Hydro has realized as a profit as was reported in their—*[interjection]* This is a very precious commodity that we have in our province, so why is that \$192-million surplus not put back? Give it back to the electrical ratepayers so that they can enjoy some of this subsidy. Why is it going to one particular set of energy users? Why does it not go back to the hydro users also?

Hon. Dave Chomiak (Minister of Energy, Science and Technology): Mr. Speaker, the funds and the revenues and the DSM and the energy efficiency go to all Manitobans. Every Manitoban who is on natural gas also uses electricity. Last week, when Hydro announced an insulation program for 120 000 homes to pay for insulating natural gas homes, they were doing that in addition to their regular program that paid for insulation for electrically heated homes. If members want to call it a subsidization, they can call it whatever they want. I call it proper protection of consumers, senior citizens, low-income Manitobans to save them from the effects of the highest gas prices in the history of the province of Manitoba. I think Manitobans appreciate that.

Mr. Reimer: I think the minister will agree that not everybody in Manitoba has gas. A lot of the rural areas do not have gas.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Reimer: I wonder, Mr. Speaker, if I may rephrase that. Not everybody in Manitoba has access to natural gas, and I think it is a disadvantage for people in rural areas or people who rely on electricity or even heating oil or wood stoves or something of that nature. Most people have electricity in Manitoba. We are very, very fortunate here in Manitoba.

I would think that, a subsidy to the ratepayers of Hydro, putting the money back in their pockets would have a far better effect than to redirect it to one particular user which is natural gas, which happens to be mostly in an urban area, mostly the seats that these members hold.

Mr. Chomiak: You know, Mr. Speaker, the tenor of flow today, we could probably set up a wind turbine here today and operate it for over a year.

Mr. Speaker, the programs that will be funded and continue to be funded will apply to electrical, natural gas and all Manitobans, geothermal, et cetera. The point of the exercise is in a short term we have to deal with a long-term problem, and we are attempting to wean Manitobans off of excess use of energy and put it back into Manitobans' pockets to protect all Manitobans. The programs are designed not just for natural gas but for electrical and all Manitobans. That is precisely what we want to do, demand-side energy efficiency for all Manitobans. That is not only what the PUB has directed, that is what we intend to do.

Mr. Reimer: Mr. Speaker, the minister is giving a broad spectrum of what they would like to do, but what they are doing right now is they are cross-subsidizing. They are taking the money out of Hydro and giving it to gas users. I am saying that if they have their surplus of \$192 million in six months already, why not give it back to the hydro users that are in the market right now. Why do they have to cross-subsidize? Give the money back to the people. Put in their pockets and let them decide how they want to spend it and not cross-subsidize like they will. Will the minister change his mind?

Mr. Chomiak: They are speaking against a bill that freezes rates, and the member is saying give money from Hydro back into people's pockets. Mr. Speaker, Hydro is having extraordinary profits this year, and we are very happy about that because of the ebb and flow in drought, but we have to look at the mid term and the long term. The long term and the mid term mean that we have to be the most energy conscious as we are and continue to be in the country, as David Suzuki has said.

The long term says we have to invest in Manitoba and Manitoba Hydro so that our children and our children's children can have the benefits from that resource, not to spin it off every time the book goes up. We have to even it out. Part of the evening-out process is taking some of that export revenue and putting it into energy conservation, energy efficiency programs to benefit all Manitobans in the short term and the long term. They will save energy, Mr. Speaker, and they will

have this energy savings forever not just a short-term, one-year basis.

Winter Heating Cost Control Act Justification

Mr. Leonard Derkach (Russell): Mr. Speaker, our contact to the Public Utilities Board just moments ago indicated, contrary to what the Premier (Mr. Doer) just said, that the Public Utilities Board did not and would not recommend that there be a slush fund established to subsidize gas users. Secondly, they did not recommend cross-subsidy. That came from the Public Utilities Board, contrary to what the Premier just said.

What is perverse about this legislation, Mr. Speaker, as those are the words of the former Premier of this province, Premier Schreyer, is that ratepayers who cannot access natural gas are now forced to subsidize those whose costs are high who use natural gas. We are forcing hydro users to subsidize gas users, and this government wants to take the credit for it. This government has failed to do what it should do and that is offer relief by using its own source revenues to offer that relief to gas users. Instead, it is offloading this onto the backs of hydro users.

Hon. Dave Chomiak (Minister of Energy, Science and Technology): Mr. Speaker, the member is asking us to take money from the Consolidated Fund and give it to gas customers instead of taking money from export sales and using that to decrease demand side for natural gas. I ask you where the logic is in that. If that is what members are saying, they are obviously going to vote against the bill, and I am quite happy to go to Manitobans and stake out that position with respect to that. They want us to use tax dollars to subsidize rather than export sales costs to decrease use of natural gas.

How typical of a Tory opposition. How typical of the very usual attitudes taken by the Conservatives with respect to Hydro, Mr. Speaker. They would have sold it and we would have no options, like MTS.

Mr. Derkach: The fact of the matter is this decision was made around the Cabinet table and not by the Public Utilities Board. That is the reality. That is the truth, Mr. Speaker. Secondly, the former Premier of this province said it is the

most retrograde step this government could possibly take. It is so wrong, it is perverse.

Mr. Speaker, I want to ask the Minister of Energy, who is responsible for this, the Minister responsible for Hydro, why it is that today those people who are solely on hydro must subsidize, on behalf of this government, those users of gas who, in fact, should be cushioned, but why is it being done on the backs of people who use hydro.

Mr. Chomiak: Obviously, the member has not read the bill. If the member reads the bill, the member will understand the concept, Mr. Speaker. If the member reads the PUB ruling, the member will understand. We have made a decision on this side of the House to introduce legislation to protect consumers from the largest increase in history. Members opposite are going to vote against that. We have made a decision to put in demand-side management programs for electrical and hydro. Members opposite are voting against that.

We have put in place a position that allows Hydro to use its export sales revenue, something members opposite opposed, to use some of that money to decrease demand, increase efficiency and put savings in the pockets of Manitobans, not just for today but into the future, Mr. Speaker.

I might add, Mr. Speaker, that member was part of the Cabinet that bought Centra in the first place and privatized MTS, where prices were up 68 percent.

* (10:40)

Mr. Derkach: Mr. Speaker, Manitoba Hydro is going to the Public Utilities Board for a rate increase for Manitoba Hydro users. Those users of hydro are going to be facing an increase in their hydro rates. At the same time, those very same hydro users are now being forced by this government to subsidize what this government wants to take credit for and establishing a slush fund for itself.

Mr. Speaker, hydro users, if there is a surplus in Hydro, that is for the people who pay the rates. There should be a rebate going to them, not using those funds to subsidize other sources of natural gas or other sources of energy. Why will this minister not do the right thing and ensure that, if there are surpluses, those surpluses are returned to the ratepayers?

Mr. Chomiak: Mr. Speaker, I understood when Adrienne Batra made that statement in the paper, but I do not understand. You know, it is funny, when Hydro—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Chomiak: Mr. Speaker, I would think I talked to Ed Schreyer more in the last week or two weeks or three weeks than the member has in his entire career. I do not think anyone, other than the member opposite, wants to take the export revenue profits and put them right back into Manitobans' pockets, and then two or three years down the road, if there is a drought and Hydro is forced not to be able to export and has to import, then there will have to be rate increases of 25 percent, 35 percent and 40 percent.

That is what members opposite want us to do, and I know why they want us to do that, Mr. Speaker. We want to smooth out rates. We want to have rates that are—

An Honourable Member: Reduce consumption.

Mr. Chomiak: Reduce consumption, have energy efficiency, and everything that members opposite can do to prevent that and privatize Hydro, they will do.

Winter Heating Cost Control Act Justification

Hon. Jon Gerrard (River Heights): Mr. Speaker, we are not opposed to helping seniors in February, but in The Winter Cost Control Act, the Premier, in section 7(2)(c), is proposing major cross-subsidization obtained from profits derived from hydro-electricity to provide for a subsidy to reduce the cost of natural gas in Manitoba.

It is very clear. Cross-subsidization is a bad economic approach for many, many reasons. Indeed, Ed Schreyer has recognized that this Premier and this government are retrograde and perverse in this respect. Why is the Premier choosing not only to allow but indeed to legislate cross-subsidization from electricity to natural gas? Why is the Premier engaging in another money grab from Manitoba Hydro?

Hon. Gary Doer (Premier): The money grab regrettably is taking place. The member opposite campaigned on not signing NAFTA if the energy provisions were going to be left in place. We have

now an international market on natural gas. We have world high prices. We have export sales in Manitoba based on Limestone, a project the Liberals then called lemon stone.

World profits, Mr. Speaker, the highest profits ever because of Limestone. We are selling power to Excel. We are making money on those deals that members opposite all opposed and now, first of all, the first strategy of keeping rates down is to use the hedge account of natural gas.

The first objective is to use the hedge account of natural gas to keep the rates frozen for business consumers and non-profit in February, but if that is not able to be done because of the weather situation, there is an added provision for Hydro to have a utilization of the high export sales.

Mr. Speaker, it is also a short-term bill because in the long run we do believe that market forces should drive consumer decisions. In the long run we believe market forces and market commodity prices should prevail. This bill only smoothes out for two years the high impact on low income people.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Gerrard: Mr. Speaker, part of the problem with this government is instead of letting the markets work naturally, what he is trying to do is override the markets, interfere here and there. What the Premier is doing in this bill is overriding the PUB. You know, one of the things and one effect of the Premier's proposal, even with the cross-subsidization, will be to defer a large increase in natural gas costs from before April 30 of next year to after April 30.

Given that the Premier probably remembers what happened to Howard Pawley's government when Autopac premiums went sky high, and in view of the fact that Manitobans can expect a large increase after April 30, I ask the Premier whether he is planning to call an election on or before April 30 before natural gas prices go sky high.

Mr. Doer: Well, Mr. Speaker, I am shocked that a Liberal Leader would—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Doer: That the Liberal position now is to let the market prices rise naturally, and the Liberal

position in this House, and we will take it to all the people of Manitoba, is to let everybody's rate go up 20 percent on February 1 because that is what the market will naturally do.

Well, Mr. Speaker, we reject the Adam Smith position of the Liberal Party and we are pleased that we have the capacity and the ability to deal with a 20 percent rate increase. You are in favour of a 20 percent rate increase. We are against it.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Time for Oral Questions has expired.

MEMBERS' STATEMENTS

Magnus Eliason

Mr. Conrad Santos (Wellington): Mr. Speaker, I rise today to bring the House's attention to the recent passing of a relentless and passionate Manitoban and Canadian, Magnus Eliason. His life was dedicated with unfailing courage to improving the living conditions of every Canadian through active political and community participation.

Of Icelandic descent, born and raised on the farmstead of North Laufholi, a member of the Scandinavian and Icelandic communities, Magnus felt a special connection to the poetry of those writers who had lived the passage to Canada, a land they did not know. The ensuing contact with the Aboriginals, English and French marked this community and its writers. Through his passion for this heritage, Magnus became well known in the Icelandic community and in 2002 was invested by the president of Iceland with the Order of the Falcon, the country's highest honour. Winnipeg City Council also honoured Magnus while he was still alive by naming the Spence Street Recreation Centre the Magnus Eliason Community Centre.

Mr. Speaker, years ago Tommy Douglas told a fable about a place called Mouseland. In it Douglas eloquently cautioned, and I quote, "My friends, watch out for the little fellow with an idea." Magnus Eliason was such a man. His vision, albeit physically limited from birth, was spiritually long ranged enough to allow him to see the possibility of a society that would recognize human rights, equitable treatment and dignity for all Canadians.

* (10:50)

A founding member and organizer of the Co-operative Commonwealth Federation, a political activist for the NDP and CCF for eight decades, a candidate in countless provincial and federal elections, a city councillor in Winnipeg for over 20 years. These simple facts testify to a life dedicated to tireless, active political participation. His was a life devoted to the betterment of the common person. In sum, his was a life well-lived.

Mr. Speaker, this Member for Wellington calls on every member of this House to recognize the passing of this great Manitoban, a man whose name Magnus literally means "great." His vision helped navigate a course for this province and country for nearly a century. We are the poorer for his passing, but we are the richer when we reflect on just what impact one man had on the lives of so many Canadians. Thank you.

Nellie McClung Collegiate

Mr. Peter Dyck (Pembina): I rise today to congratulate a group of Manitoba students who have recently achieved a truly impressive fundraising goal for the Terry Fox Foundation. At the beginning of this school year the students of Nellie McClung Collegiate in Manitou set an ambitious fundraising goal for themselves. To commemorate the 25th anniversary of the Terry Fox Run, they planned to raise \$10,000 for cancer research. This is an inspiring goal by any standard. But it is doubly impressive when one realizes that Nellie McClung Collegiate has only 153 students.

The students not only met, but well surpassed their goal, raising \$13,000 in just two weeks. This is an incredible achievement and is testament to the power of teamwork and determination. Moreover, it is proof of the generosity and good will of both the students who put in so much time and effort to fundraise and also of the community who gave so generously to this most worthy cause. A cheque was presented to the Terry Fox Foundation at the end of September in a community assembly to celebrate the students' accomplishments.

Mr. Speaker, I would like to ask all members to join me in congratulating and sincerely thanking the 153 students of the Nellie McClung Collegiate for their incredible fundraising achievement. Thank you.

General Byng School Exchange Program

Ms. Kerri Irvin-Ross (Fort Garry): Mr. Speaker, I rise today to inform the House about a unique exchange program between General Byng School in my constituency of Fort Garry and Setagaya, Japan. This student exchange program, operating every second year, began in 1970 and is one of the oldest programs in western Canada. The purpose of the exchange program is meant to further cement the bonds that exist with Winnipeg's sister city, Setagaya.

At the beginning of September, students from various junior high schools throughout Setagaya arrive in Winnipeg and are billeted with families from General Byng School. During their stay of approximately two weeks the Japanese students engage in many activities, such as attending classes at the school, meeting with local dignitaries and attending popular Manitoba experiences like corn mazes. In March 2006 General Byng students will travel to Setagaya, Japan to attend school. They will be fully integrated into the Japanese school system and culture. They will meet various principals, the chief of education, the chair of City Council and experience various cultural and social events. It is through these interactive activities that all students can experience and immerse themselves in other cities and cultures.

Mr. Speaker, I had the honour of meeting with these exceptional students this past year at the Legislature. They embodied the spirit of exchange and openness that is representative of the kind of communities we are building here in Manitoba. I would like to thank the students, teachers, administrators and families in Winnipeg and Setagaya for all their time, dedication and hard work in making this such an enriching experience for all the students. I know that this event creates an acceptance and understanding of differences and develops friendships that will extend a lifetime. Thank you.

Catherine Thexton

Mr. Ralph Eichler (Lakeside): One does not have to go very far to appreciate the beauty of Manitoba's nature, Mr. Speaker. I am honoured to stand before this House today to acknowledge Catherine Thexton for her dedication and willingness to share the sounds of nature with others. At a time when we are all too busy to truly enjoy what nature has to offer, Catherine has made

it possible for people to experience nature for themselves.

Catherine Thexton, now 84 years old, has spent 15 years recording bird songs and other nature sounds on her farm southeast of Balmoral. She was able to capture the songs of countless bird species and has released several recordings over the years.

Catherine, who grew up in Balmoral, said she was amazed at the wide variety of birds she found in her own backyard, including more than 20 that are considered uncommon. She first felt her urge to record bird songs in 1973 when their beautiful songs inspired her. After sending away for the necessary equipment to capture these songs, she did not do much of the work until she retired with more time in 1979.

Her first recording was released in 1981. Catherine thought she could bring people the beauty of the natural world and possibly help save some of the natural environment. It was a success. She has since released other recordings and estimates to have sold more than 10 000 records, tapes and CDs. A copy of her master recordings has been sent to the British Library National Sound Archive.

Catherine hopes to release more recordings but in the meantime she is keeping busy with another project, her fascination with insects.

I commend Ms. Thexton with her commitment to her work. Her recordings both educate and inspire people, as well as allow a person to feel they are a part of the natural environment, not just a bystander. Thank you, Mr. Speaker.

Engineering & Information Technology Complex

Ms. Marilyn Brick (St. Norbert): Mr. Speaker, I rise today to bring to the attention of the House an important event that occurred in my constituency on the 23rd of September. This was the official opening of the University of Manitoba's Engineering and technical complex.

Built through a public and private sector partnership, the complex is meant to unite in one space information technology and engineering, teaching, research and development in Manitoba, as well as academic and industrial partners. Within the newly designed buildings, students will create and develop the technology necessary for ensuring

the Manitoban and Canadian economy's success in the high tech world of the 21st century.

By providing the province with a healthy number of properly trained graduates, this complex will serve as a pillar of Manitoba's economy for years to come. The idea of marrying the Engineering and Computer Science departments grew out of the existing links at the university that were seen to have potential for growth and development. Through such features as a comprehensive suite of research laboratories and facilities, multimedia equipment and projectors and shop and construction facilities for students to design prototypes in each program and to support design-based teaching, this complex will serve as a beacon for future students and will establish Manitoba's strong footing in the knowledge economy.

Mr. Speaker, the development of the Engineering and Technology Complex has been made possible by the success of the University of Manitoba's capital campaign. Our government kick-started the campaign by providing \$50 million to the campaign. The University of Manitoba has raised \$237 million through this campaign.

This important achievement would not have been possible without the support of this government, the federal government and the tireless work done by the president of the University of Manitoba, Eموke Szathmáry, as well as the deans of Engineering and Science, Drs. Doug Ruth and Mark Whitmore. Their work has ensured the University of Manitoba will remain in the top calibre of research and development for many years.

ORDERS OF THE DAY

GOVERNMENT BUSINESS

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, would you please call the second reading of Bill 11.

SECOND READINGS

Bill 11—The Winter Heating Cost Control Act

Hon. Dave Chomiak (Minister of Energy, Science and Technology): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. Mackintosh), that Bill 11, The Winter Heating Cost Control Act; Loi sur la limitation des

frais de chauffage en hiver, be now read a second time and be referred to a committee of this House.

Motion presented.

* (11:00)

Mr. Chomiak: Mr. Speaker, I welcome the opportunity of explaining to members of this Chamber and to all Manitobans the fact that this government is going to take action in the short term to deal with the significant factors that are affecting all Manitobans as we speak.

Mr. Speaker, the Public Utilities Board has said, "Significant problems are currently being experienced with respect to residential account delinquency and services connection." The board has said, "The causal factors behind the rapid natural gas price increases are both systematic and extraordinary." The North American Free Trade Agreement, the continental energy market, increased costs for exploration and production, American demand for natural gas for electricity generation, a general tightening of the supply-demand situation and, most recently, hurricanes that damaged production platforms in the Gulf of Mexico and on-shore infrastructure resulted in a large, large quantity of supply going into the heating season.

Mr. Speaker, the Public Utilities Board has indicated that there is a serious and delicate balance of supply and demand in continental and world energy markets. The Public Utilities Board has also said that we should look at reducing consumption in a major way by which natural gas consumers can reduce the impact of rising natural gas prices and make staying with natural gas for heating an acceptable strategy.

The Public Utilities Board goes on to say that net-importing provinces such as Manitoba have experienced major rate shocks for one commodity after another and, as a result, the loss of internally generated provincial gross product to the producing provinces. Families note a reduction in truly disposable income with wages unable to keep up with the hyperinflation of energy costs along with the ramification arising out of higher energy costs for a host of goods and services. Choices are made that are primarily difficult for low-income consumers. For the Province of Manitoba and municipal governments, health care authorities and school boards, the recent energy price explosion will lead to increased costs.

Mr. Speaker, we are introducing a bill—and from the chorus of hoots and howls from members opposite they are opposed to it—which will help in the short term and the medium term and the long term to remedy this situation. Natural gas is an extremely flexible fuel which Manitoba homes and businesses have come to use increasingly over recent decades. However, natural gas also has significant drawbacks. Manitoba does not produce the natural gas which it uses but rather must pay oil and gas companies in other provinces, usually Alberta, for the fuel, producing a net drain on the economy as reflected in the PUB discussion in October.

Second, natural gas is a fossil fuel which not only produces CO₂ but which is non-renewable and thus can become subject to shortness of supply. Combine these two forces with a price-setting mechanism which is dominated by wider continental international forces, and you have a recipe not just for high prices but for growing volatility.

With a climate such as Manitoba, with extremely high heating requirements during our winters, this can cause great hardship. Whereas the price of natural gas averaged \$2 per gigajoule during much of the 1990s, prices first doubled then tripled to \$6 to \$8 a gigajoule, and now in recent years rose into the \$10 to \$15 a gigajoule range. This is the same as gasoline prices which rose from 50 cents a litre first to 100, and then they began surging and falling back from \$2 to \$4 per litre. In other words, natural gas prices are one of the most volatile prices in our economy.

Looking forward, industry analysts know that the days of \$2 or even \$6 natural gas prices per gigajoule are forever gone and that gas prices in the \$8 to \$15 range are likely with us for the next decade. The difficulties these rising volatile prices can cause for Manitoban homeowners and businesses and indeed Manitoba's economy as a whole are important and require action.

To do nothing at this point, Mr. Speaker, would be negligent. To do what members opposite have stated—the opposition Conservatives have said use tax money to subsidize costs—or do what the Liberals have stated, which is let the market prevail and only do the market price, is shameful. We were elected to govern in the interests of all

Manitobans, and that is what the purpose of this bill is.

Every major financial institution recognizes the damage which could be caused by price fluctuations, with the Bank of Canada, for instance, taking action to keep price movements to less than 2 percent changes per year. Yet natural gas price rates can rise by 200 percent in a year. Like any price change, a natural gas rate shock would most severely affect and hit those with low incomes or fixed incomes such as seniors.

Take a home on a fixed income where 10 percent of their disposable income goes for heating, a not unusual circumstance. Should the price to heat that home rise instantly and fully with movements in the market, these families could see their bills rise 20 to 30 percent or even more of their disposable income with little or no warning. That is the Liberal position, Mr. Speaker.

When such volatility arises over a spring and summer, such as during this past year, driven by uncontrollable events such as Hurricane Katrina, families with businesses have little or no time to plan, organize, finance and implement the investments and efficiency which they need to take to sidestep these financial impacts, whether this is time and money to add insulation, upgrade their furnaces or install a heat pump.

So step one in managing this sort of volatile situation is to ensure that people and businesses, schools and retailers at least have sufficient time to make and carry out plans to protect themselves from these price hikes. This is not a question of permanently avoiding increases in natural gas prices. Let me repeat that. This is not a question of permanently avoiding increases in natural gas prices. For the Liberals of the House, let me repeat that again. This is not a question of permanently avoiding increases in natural gas prices.

If global gas prices remain tight and demand continues to grow, then it is a near certainty that the natural gas markets will keep prices high. Since Manitoba has to import all our natural gas, then rates to customers will have to eventually rise. This is not in question. But what we can do as a simple and powerful first step is to help provide families and businesses with additional time which they can use to adjust, time to invest in efficiency and alternatives, time to take advantage of the new programs developed by Hydro and the Province.

It might be added that Hydro, Centra and the efficiency and heat pump industries also need time to scale up their infrastructure to deliver on efficiency and alternatives. Very little was done to boost their efficiency in natural gas during the 1990s, and it takes time to train installers and home auditors and to boost its supplies of new equipment. Hydro, Centra, the PUB and the Province have already taken action to smooth these spikes out and to enable people to make a smoother transition.

Since Hydro, Centra already make no profit from the direct purchase of the imported natural gas, their next step was to implement a set of actions to ensure rates moved more smoothly than they otherwise would by hedging their gas purchases and contracting for storage ahead of time. They took steps by hedging their gas purchases and contracting for storage ahead of time. The PUB's rate-setting mechanisms were utilized to ensure that rates would only move seasonally and that accounting tools and balancing accounts and such were harnessed to this task.

In all, it is estimated that rates could have gone up by 44 percent in the last round and that hedging and storage may have saved Manitoba homes and businesses \$120 million through these mechanisms. Mr. Speaker. That is from the PUB's analysis, and I will repeat that for members opposite. It is estimated the rates could have gone up 44 percent in this last round and that hedging and storage may have saved Manitobans' homes and businesses \$100 million through these mechanisms.

An Honourable Member: Fearmongering.

Mr. Chomiak: Now, the member for Roblin says this is fearmongering, Mr. Speaker.

The quote that I have made to the Member for Russell (Mr. Derkach) is from the PUB, the PUB that the member purportedly talked to earlier in Question Period. I will repeat it again for the Member for Russell, and I am quoting from the PUB. "It is estimated that rates could have gone up 44 percent in this last round and that hedging and storage may have saved Manitobans' homes and businesses \$120 million through these mechanisms."

* (11:10)

This bill adds tools to the armoury of tools Manitoba has developed. In particular, it

recognizes a reality not faced by many in other parts of the world. It recognizes that Manitoba has extremely cold winters, and during these cold winters people can not only face higher heating bills, but they also have very little leeway to take action to avoid it.

It is extremely difficult in January to tear your walls apart to add insulation or to drill the holes or lay the pipes needed to add a heat pump. That, Mr. Speaker, is very difficult in the wintertime, and even members opposite, I think, would agree with the suggestion that in the short term it is very, very difficult for Manitobans across this province to put in place measures to arm themselves and to protect themselves from the volatility of world-high prices. Therefore, we have acted to ensure that the staging of any natural gas rate increase should be manageable during our winter heating season effectively from November through April.

Any variations which arise from this smoothing will, of course, be recognized and recovered through the use of deferral and balancing accounts. This will apply at least through this winter and the next, the minimum time we believe people need to begin to plan and take action to reduce their heating costs and to find alternatives. These same tools are being made available to help not just Manitoba households but schools, institutions and businesses. To provide a bit of additional help, Hydro has also withdrawn its proposed October rate increases, helping people to maximize their savings against the double whammy already applied by volatile gasoline and natural gas prices. I think this is very pertinent to this discussion, Mr. Speaker. Not only is there going to be no natural gas rate increase in the winter, but Hydro withdrew its application that had been conditionally approved by the PUB for an October 1 rate increase to apply. They withdrew that particular application.

Now, Mr. Speaker, the members opposite may want to have rate increases during the wintertime, but I think it is very clear that the proactive approach taken by Hydro and taken by this government will be utilized to protect the vast majority of Manitobans, not the narrow ideological confines of members opposite. In fact, I cannot believe what came across the floor from members opposite today.

What do we hear today, Mr. Speaker? Members opposite said, "Take Hydro profits and

give it back to Hydro customers this year." Now what position would that put Hydro in next year and next year and the following years? No concern for low income, no concern for the North, no concern for natural gas users. That is the Conservative position. The position very clearly enunciated by the Liberals today was let the market prices prevail.

Mr. Speaker, the federal Liberal government had put in place a program, if the budget passes, and I hope it does, to protect low-income Canadians from costs. The federal Liberal government has put in place programs in a rebate to consumers. I presume members of the Liberal Party in Manitoba do not support that as well because their position today is let the market prevail. That is the position they have taken.

So we have a very clear enunciation of where the positions are. Members on this side of the House are taking the position that Manitobans need time, they need assistance during that period of time in forms of energy efficiency, demand side management to manage the unprecedented costs, and we are going to work with Manitobans to do that. Members opposite, the Conservatives are, as usual, on this issue nowhere. Members of the Liberal Party want the market to prevail.

You know it is curious members opposite have belittled every single initiative ever taken by the New Democratic government with respect to Hydro. Then, Mr. Speaker, the few occasions when they are elected government, and I was there—*[interjection]*

Point of Order

Mr. Speaker: The honourable House Leader of the Official Opposition, on a point of order.

Mr. Leonard Derkach (Official Opposition House Leader): Mr. Speaker, I hate to interrupt the minister when he is in such full flight, but he just stated an inaccuracy on the record which should be corrected because it was the former Premier of this province, Mr. Ed Schreyer, who condemned this legislation along with us. So he should be a little more accurate.

Mr. Speaker: The honourable Minister of Energy, Science and Technology, on the same point of order?

Mr. Chomiak: Yes, Mr. Speaker. Not only does the member not have a point of order, but he is

factually incorrect because what I said in my statement was the members opposite have opposed every single initiative undertaken with respect to Hydro by any New Democratic government ever taken. That goes back to the time when I worked with the Schreyer government, and that goes back to the time when I worked with the Pawley government. If we had followed the Conservative philosophy—

Mr. Speaker: Order.

On the point of order raised by the honourable Official Opposition House Leader, he does not have a point of order. It is a dispute over the facts.

Point of Order

Mr. Speaker: The honourable Member for River East, on a new point of order?

Mrs. Bonnie Mitchelson (River East): A point of order, Mr. Speaker. I wonder whether the minister could clarify for us what he did learn from Mr. Schreyer, because obviously he did not learn much on the Hydro file.

Mr. Speaker: The honourable Minister of Energy, Science and Technology, on that same point of order?

Mr. Chomiak: Mr. Speaker, I suggest that not only does the member not have a point of order, but if the collective wisdom of the Conservative caucus had even one one-hundredth of the wisdom of Mr. Schreyer, we would have seen a lot different government over the lean 11 years from 1988 until 1999.

Mr. Speaker: Before ruling on the point of order raised by the honourable Member for River East, I would just like to draw attention to all honourable members that points of orders are to be raised to point out to the Speaker a breach of a rule or a breach of the procedure of the House. Points of order should not be used to raise questions or to get into debate. So the honourable member does not have a point of order. It is a dispute over the facts.

* * *

Mr. Chomiak: Mr. Speaker, I would hope that members of the Liberal caucus will continue to pay strict attention to this particular item as they quickly draft the press release trying to clarify their flip-flop position, and I suggest that they pay some attention to the process and the bill.

So, as I said, any variances from this smoothing will, of course, be recognized and recovered to the use of deferral and balancing accounts. This will apply at least through this winter and the next, the minimum time, we believe, people need to begin to plan and take action to reduce their heating needs and to find alternatives.

As I said, these tools are being made available to help not just Manitoban households, but schools, institutions and businesses. To provide a bit of additional help, Hydro has also withdrawn, as I indicated to the member, its proposed October rate increase, helping people to maximize their savings against the double whammy, the double whammy applied by volatile gasoline and natural gas prices.

So the first key component of this bill that we are providing is additional ways to protect Manitobans from sudden rate hikes and to provide them with the time they need to make decisions and to take action, Mr. Speaker. This is a question of time. This is a question of transition. This is a question of providing opportunities for Manitobans to recognize what is on the horizon and sufficient time and resources to take action.

The second thing that people require to know is that, if they are to minimize or avoid the impacts of high and volatile natural gas prices, they need a set of tools to help them take this action. The complexity of the various building, heating and cooling technologies and appliances available today can make gathering and sorting out through all of this information, deciding on the most sensible and cost-effective efficiency plan and then financing and contracting the job, a task beyond the means of many people.

This is one reason why Power Smart and the other efficiency programs and services have been so positively received by Manitoba homes and businesses. It can very practically help you sort through this complexity, assist you in making the right decision, and even help provide the financing. Manitoba Hydro and this government had the foresight to begin expanding Power Smart's residential efficiency programs a number of years ago. I wonder where members opposite were during the 1990s that they are now so voraciously standing up and saying, "Why are you not doing something?"

Mr. Speaker, Hydro last year received an A rating, up from ninth to one, for its energy efficiency programs. The government of Manitoba received an A rating. I am curious that it was not the subject of a question from members opposite. In fact, it was not subject to any recognition because, during the 1990s, so little was done.

* (11:20)

We have added programs and incentives on materials and products from insulation to light bulbs, providing in-home advice and expanding the loan programs. In the last three years more than 70 000 Manitoba families have participated in these programs with the residential loan program itself helping provide more than \$70 million worth of renovations, saving Manitoba's energy, reducing home heating bills and boosting local employment at the same time. While we have all heard that Power Smart has helped Manitobans save more than 250 megawatts of power, an enormous amount, greater in output than Wuskwatim, which is less well known, Manitoba has risen from its former ninth place, as I said before, standing in terms of Canadians' energy efficiency and activities to the first position in the last annual rankings.

Beyond simply reducing to conserve their energy use, this government and Manitoba Hydro have also worked together to accelerate our most powerful tool for providing home, schools, offices and arenas with the means to get off gas entirely, namely ground-source heat pumps. This now-booming sector has quadrupled its installation rate in the past four years, with Hydro training more installers than any other Canadian province. Manitoba now ranks No. 1 on the continent in this technology with thousands of Manitoba homes and businesses having been assisted in waving goodbye to their gas heating bills forever.

We have now begun taking additional steps in providing more resources and more tools for families and businesses to increase their energy efficiency and to permanently ensure they are protected against rising heating and energy bills. That is one of the differences, Mr. Speaker, between our position and members opposite. We want to put in place solutions that will long-term benefit Manitoba, not the short press releases, as the Liberals are doing, or the short clips that are coming out from members opposite, but provide for the long term.

We are not resting on our laurels but have more than doubled our targets, Mr. Speaker, for savings in electricity and are increasing the resources and expanding the loans available to capture these savings. The government negotiated an agreement with the federal government that will see new funds and moving to providing incentives for increase efficiency in natural gas heated homes as well, starting with \$500 for gas heated homes working to upgrade their insulation levels, and there will be more to come.

Heat pumps not only allow people to draw their heat from renewable resources in the earth, but enable them to completely stabilize their heating bills and forever be rid of worries about rising energy rates. These will now be installed across subdivisions and, hopefully, many other new housing developments in Manitoba so that from day one in your new home worries about rising gas prices are a thing of the past.

In fact, Mr. Speaker, in the PUB ruling and discussion, they talk about the wisdom of providing natural gas into any homes into the future and whether or not it is a viable option. That is discussed within the PUB ruling that I hope all members opposite will read, so they will have some comprehension of the difficulties and problems that are being faced by average Manitobans, not Manitobans sitting in clubs, but all Manitobans, those that have 10 or 20 percent of their income going into energy costs who can be severely hurt by these sudden rate fluctuations.

We will be working with community groups to ensure that low-income homes and neighbourhoods are better able to reduce their heat loss and have greater access to alternatives, and working to ensure the federal government's recently announced funding for low-income families gets maximum uptake in Manitoba. Now, we do not have complete control over that either, Mr. Speaker. That situation could bear on what happens in Parliament and in Ottawa, and I would feel a lot more comfortable if members of the Conservative Party would commit, if they were to form, heaven forbid, a government in Ottawa, that they would support these low-income initiatives as well as any re-elected Liberal government or a New Democratic government to support all of these measures because they are needed by Canadians.

These activities will be rolled out from the inner-city neighbourhoods of Winnipeg across low-income areas Manitoba-wide. The federal monies are, of course, as I said, subject to the bill passing currently in the House of Commons. Again, specifically tailored programs for First Nations in energy efficiency will be designed and developed with Manitoba Hydro, community groups and the federal government.

All these actions—expanding Power Smart, extending efficiency incentives to gas-heated homes, boosting the heat pump infrastructure and working with low-income families, community groups and First Nations—have been taken to help ensure that we are in a position to provide more effective practical help to all Manitoba families and businesses wishing to reduce their exposure to imported energy prices.

This bill lets us expand the resources, extend the reach and accelerate the process of increasing energy efficiency and providing alternatives for Manitobans. In short, a stabilization of affordable energy fund will be established at Manitoba Hydro to increase the resources available for boosting energy efficiency and boosting energy conservation for expanding alternatives, and for helping those affected by high energy costs to bring them under control. Manitoba is able to take such action because of the energy advantage, which is to develop by foresighted actions taken by the Province and Manitoba Hydro across the past decades.

There may be some would say that electrical funds should be returned to electrical taxpayers. However, these are extraordinary times, and, as the PUB has identified, this may need to be revisited. In particular, it must be noted that all natural gas customers of Centra Gas are also electricity customers of Manitoba Hydro. Furthermore, it must be said that electricity ratepayers stand to benefit in several ways, which have been identified by PUB in their October 27 board order. In fact, on October 17, the PUB issued a board order and in that order the board observed that there may be a business case that could support the integrated natural gas electricity DSM model.

Firstly, Manitoba Hydro electricity sales are also affected by natural gas price changes. The small amount of natural gas it burns in its own turbines becomes more costly, yes, but, more importantly, the very large amount of electricity it

sells on the export market also become more valuable as other regions more dependent on gas-fired power see prices rise. The PUB has already noted there are increasing linkages between the business world and the business plans of electricity and natural gas.

Secondly, a straightforward financial advantage to Hydro from this bill is that of gas customers being faced with too sudden or high increase in natural gas prices, and if the tools for a smooth transition to more efficient operations are not available, Hydro could be hit with costs and losses associated with the rapid movement of fuel switches from natural gas to electricity, reducing their net electricity export revenues on an ongoing basis.

Third, the PUB has stated correctly that low-income Manitobans are going to have an increasingly tough time coping with these increases. So there are very real societal and human issues that this presents, but from a financial perspective Centra Gas should be in a position to deal with both the customers and to deal with those situations in a DSM. A strong energy efficiency program will help stem losses, Mr. Speaker, and will help instil conservation and DSM measures.

This bill provides another tool to help Manitobans and Manitoba Hydro manage interrelationships. Therefore, we have acted to ensure that Manitoba Hydro dedicate some of its increased electricity export revenues into an internal fund established for the purpose of increasing energy efficiency and conservation, alternatives to natural gas and to ensuring customer costs do not surge out of control but remain well managed. I presume, Mr. Speaker, that that is the portion that members opposite are most opposed to, and it is extraordinary that in these extraordinary times members are not stepping up to the plate to support all Manitobans: seniors, low income, and people across the province.

These revenues will flow, at least through this year and next, to ensure that funding is in place in time for those Manitoba homes and businesses which need to move quickly to invest in efficiency and alternatives. This is a question of time. This is a question of having the right tools at the right time, Mr. Speaker. This bill provides those tools at the appropriate time and, I might add, during these extraordinary limited times. The bill is time limited

with respect to its application, recognizing the extraordinary circumstances we are facing. In sum, the two major components of this bill are that we are expanding the resources and providing the tools needed for Manitobans to reduce their energy use and to shift to alternatives.

An Honourable Member: You do not need legislation for that.

Mr. Chomiak: Mr. Speaker, the Member for River East (Mrs. Mitchelson) said we do not need legislation. I think the member really wanted to say, "You do not need Hydro." We oppose that. We are in favour of keeping Hydro as a publicly owned utility, something members opposite are designed not to do. This is another step on the way of Manitoba Hydro to development as a full energy corporation which provides a broad portfolio of the energy-related goods and services Manitobans need.

The historically high water levels of the recent past, combined with high natural gas prices, have helped boost Hydro's electrically related export earnings to historic highs, an advantage which can now be harnessed to help all of its customers to move into stronger, more efficient and better-protected positions. To ensure that Manitoba's electrical export sales and Manitoba's low-rated advantage are sustained, the government has been working to ensure that its new generation hydro plant at Wuskwatim is approved and constructed, that Hydro can harvest a clean power, stable cost and diversity benefits offered by adding 1000 megawatts of wind to its system, complementing its existing hydro-electric stations and, most recently, to expand and diversify Manitoba's transmission links and market contracts by negotiating a 400-megawatt sale to Ontario, worth well over \$500 million in new export sales.

* (11:30)

This bill is about providing Manitobans with the time and the tools to protect themselves and their families against the risk of high and volatile natural gas prices, both through short-term smoothing and adjustment mechanisms, but also about providing full solutions to the problem, ones which are not just environmentally sustainable but financially sustainable for families, for businesses, for Manitoba Hydro and Centra Gas, for the Province and for the Manitoba economy.

In a world where climate change impacts appear to already be hitting, where international competition for limited fossil fuel resources seems to be growing and where technological change seems to become ever more rapid and complex, this bill forms another part of this government's strategy to help Manitobans, not just to sustain themselves and their lives in this context but to thrive and to lead the way towards solutions which benefit us all.

Mr. Speaker, I note it was just yesterday that I saw in a news release that all the major corporations were calling upon the federal government to take measures to decrease the costs of energy and to do something about global warming effects and impacts it might have on the economy, Shell, all of the major corporations. Even the Conservatives are off-side now, when the major corporations are going at with respect to climate change and energy efficiency, and the provincial Liberals have fallen into the same trap, Mr. Speaker.

There is a very clear divide in this House, Mr. Speaker, between those that want to help Manitobans adjust to the future, dealing with energy shortages, dealing with energy supply and dealing with a secure energy source, and those on the other side of the House that appear to stick to old dogma of the past, to want to do what Conservative governments have always done, which is to restrict, to limit, to do everything they can to get in the way of hydro-electric development, and that is a historical fact.

That is a historical fact, Mr. Speaker, and now when the opportunity is presented for Manitobans to be protected, members opposite are voting against taking the opposite position. I submit this bill to the House and to all Manitobans to make a judgment on whose side are you on. This is a very clear divide. Are you on the side of consumers and Manitobans?

You know, Mr. Speaker, the Member for River East (Mrs. Mitchelson) has said the name Ed Schreyer more today than she has probably said in the past decade. I am sure the last time she spoke to Mr. Schreyer she talked about her support for hydro-electricity. It is curious and it is rather strange that members opposite who have deplored the Hydro development of Schreyer are now invoking his name. Members opposite who have deplored the development of the Pawley

government when they developed Limestone are now taking the opposite position, the very same members who sat around the Cabinet table, the very same members who were lining up Hydro to sell Hydro to the private, the very same members.

Mr. Speaker, what happened with their last experiment? They sold MTS to the private sector; rates went up 68 percent. That is what members opposite are trying to do today with respect to his bill. It does not change. The dinosaurs on that side of the House, and I say that with all due respect, are taking the same ideological position that they have always taken on energy and always taken on Hydro.

Mr. Speaker: Order.

Point of Order

Mr. Speaker: The honourable Member for Emerson, on a point of order.

Mr. Jack Penner (Emerson): Mr. Speaker, I was listening very closely to the comments of the minister until now, until he started ranting and raving about dinosaurs and all those kinds of things. I think this debate and the issue in this debate is whether we are going to subsidize a sector in our society and derive the revenues for that subsidy out of Hydro and Hydro development.

I think it is important to note that we have always been strong proponents of a publicly owned utility in this province, and Manitoba Hydro should be a pillar for clean resources for green resources. This minister is proposing to subsidize an unnatural, a not-so-clean, not-so-green fuel that is now going to be subsidized by Hydro. I mean, are we saving a tonne or are we not saving a tonne?

Mr. Speaker: On the point of order raised by the honourable Member for Emerson, I just made it clear to members earlier that points of order are to be raised—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order—are to be raised to point out to the Speaker a breach of a rule or departure from procedure of the House and not to be used for debate. When the honourable minister concludes his comments, every member in this House will have their opportunity to debate the matter and to put their comments on record.

* * *

Mr. Chomiak: Thank you, Mr. Speaker, and I thank you very much for that ruling. As I was indicating in my comments apropos, the Member for Emerson, in his ill-timed comments with respect to this particular bill, and he will have an opportunity, precisely made the point. If the member looks at the purpose of the act, it is to provide support for programs and services for electricity and natural gas energy efficiency, enhanced space heat retention and heating efficiency and for developing alternatives.

Precisely what the member stated that was their position is precisely what is said and stated in the bill. That is my point, Mr. Speaker, that a party that is so driven by ideology, ideologically driven, as is the new Conservative Party, and I say that quite deliberately: the Conservative Party. This is not the Progressive Conservative Party of the past. This is the Conservative Party. This is the Reform-like Stephen Harper party that does not support Kyoto, that does not support energy efficiency. It is that party.

How can the members stand up and say they support Hydro after they sold MTS, after they began to set up the selling of Hydro, after they wanted to vote against the equalization of rates across urban and rural Manitoba? How can members who are against the equalization of rates between urban and rural say they are the party of the old Progressive Conservative? The old Progressive Conservatives that I used to see in the old days, the Sterling Lyon Conservatives are back, Mr. Speaker. They are against, they are against, they are against.

Mr. Speaker, I will never forget the phrase in Fotheringham's column that they were going to tax the tips on crutches. That old Conservative Party is back. It has opposed anything to do with Hydro, and members opposite know I am right. They know that. They know that. They recently had a convention. The old Conservative Party is back. We do not have a Progressive Conservative Party any more. We have a Conservative Party, and their position is very clear and has been clear on Hydro, and they continue to oppose our energy efficiency—

An Honourable Member: It is no longer NDP; it is Communist.

Mr. Chomiak: You know what, Mr. Speaker? I know that I am hitting home when I hear cries of Communist back. You know I thought that that old

acorn was long buried. In fact, I remember sitting up in the gallery, as Ed Schreyer stood in a position right beside me and heard the old-line dinosaur Tories call Communist at Ed Schreyer. They called Ed Schreyer a Communist. Today they are saying Ed Schreyer is the most pragmatic reasonable man, and I agree, in the history of the province. He might well be. I am very much a fan and a hero-worshipper of Ed Schreyer.

You know what? It is curious how members opposite, when they run into trouble, when they get caught in their ideological dilemma, go back to the old—I thought I would not hear that in this Chamber anymore. But the old chestnuts come out as they figuratively scratch their heads looking for—now, Mr. Speaker, members alternatively might want to have the Maples hydro-electric system, the Maples hydro-electric system. I would not be surprised if they put a generator into the Maples clinic and try to operate it. We have the Maples hydro-electric system, a Maples energy corporation. That I could see from members opposite.

You know, Mr. Speaker, I am just waiting for the member to stand up and say, "Why do you not consider Maples clinic and perhaps their energy efficiency water-retention rates or something and put that out to the private sector?"

* (11:40)

We are dealing with world rates of world natural gas prices, \$13, \$14 in gigajoules. When members purchased Centra Gas to try to set up the sale of Hydro in 1999, natural gas was selling at \$2 to \$3 a gigajoule. Now it is up to \$13 or \$14, and members say, "Do nothing." They say, "Do nothing." To add insult to the injury of their position, they say, "Now that Hydro is making export profits on their export sales, take that money and give it back." They do not say anything about energy efficiency. That is what we are doing. They do not say anything about demand-side management. That is what we are doing. They do not say anything about alternatives to energy. That is what we are doing.

We are doing that, Mr. Speaker. We are investing in all of those programs to smooth out the rates, to provide a time and utilization for all Manitobans, businesses, commercials, et cetera, to get through this period, as was recommended in

the PUB directive and, I think, as would be reflected in the statements of Manitobans.

Mr. Speaker, I close by, again, reiterating, whose side are members opposite on. Are you on the side of consumers, Manitobans, low-income people? All Manitobans are facing significant spikes in their energy costs. Or are you on the side of the old Sterling Lyon Conservative Party that wants to have the market control everything? Yet last week the Member for River East (Mrs. Mitchelson) stood up and criticized this government for not freezing rates on non-profits. The member stood up and said, "Why are you not protecting non-profits?" Today the member stands up and says, "You should not be protecting anybody."

You cannot have it all ways. You have to govern, and you have to govern in the interests of all Manitobans whether they are in the North, the south, city, urban, rural, and that differentiates the position of this government and this party with respect to this act and members opposite. It is a very clear line in the sand. Do you support consumers and Manitobans, or are you against every measure—the sky is falling—and against Manitoba Hydro, because it insults the intelligence of the board and the executive of Manitoba Hydro for members to suggest this is a "slush fund"?

There are specific parameters that are included within the criteria of the legislation, as I indicated to the Member for River East in our briefing yesterday, that were very carefully crafted, very carefully thought out with respect to their application. That was put in deliberately, and it has come to this House for all Manitobans to vote on, and members opposite do not do justice to the hardworking people at those corporations for the work they have undertaken. They do not do justice to the foresight and the wisdom in the PUB directive that directed and asked Manitoba Hydro to undertake these initiatives. It does not do justice to the Manitoba consumers who, but for this bill, could face 20 percent increases in their natural gas prices, and, but for the fact that Hydro withdrew its rate increases, we would also see increases in electrical costs. But, for the actions taken in this bill, Manitobans would be hurt, and hurt dramatically.

Furthermore, by not passing this bill, members will lose the opportunity to take advantage of the situation for Manitobans to invest in energy

efficiency, to invest in energy alternatives at a time when most analysts are predicting \$8 to \$10 a gigajoule. I hope that does not occur, Mr. Speaker, but that is what analysts are predicting. That is triple the price in the past six years, and that is significant for 250 000 homes that utilize natural gas, and it is significant for all of the electrical purchases as well because, as I said earlier in my remarks, much of the electricity is based on natural-gas-fired plants outside of this jurisdiction and other jurisdictions. So the prices are in tune with each other.

We have to do what we can when we have the chance. We want to be able to say to our children and we want to be able to say to all Manitobans that we have taken a step when we had the opportunity to prevent rate shock for all Manitobans, to smooth out the prices for all Manitobans and at the expense of taking, if necessary and it may not be necessary, allocations from export revenues and utilizing them for those purposes, very limited under the control and direction of Manitoba Hydro.

We have an opportunity in this House, members have an opportunity to vote in favour of or against the future. I hope that my comments have helped illustrate some of the rationale behind this legislation and to explain some of the provisions in the legislation.

Mr. Speaker, these are extraordinary times as they affect prices. Every single provincial jurisdiction that I am aware of has taken initiatives, have taken specific initiatives in this regard. We are taking a route that most adequately protects the consumer and protects our resources, and I wish members opposite would spend more time reflecting on their particular position and the position that they are putting themselves in and putting all Manitobans in if they do not support this legislation, if they do not support this endeavour.

Members opposite can argue all they want about subsidization or cross-subsidization, but the words themselves will not help Manitobans facing dramatic energy cost increases, whether they are in the North, whether they are in rural Manitoba, whether they are in urban Manitoba, whether they are in the south. The semantics will not help those Manitobans in the short term who are facing dramatic increases. We are talking about a prudent initiative in the short term to protect us in the

medium and long term. I think that is what Manitobans want. I think the majority of Manitobans support that, and I implore members on the opposite side of the House to reconsider their narrow position and their narrow interpretation of this particular bill and do what is in the best interests of all Manitobans. Thank you, Mr. Speaker.

Mr. Derkach: I was so mesmerized with that presentation, I almost forgot to stand up and adjourn debate.

Mr. Speaker, I move, seconded by the Member for Emerson (Mr. Penner), that debate be adjourned.

Motion agreed to.

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, I believe there are people who wish to speak to this bill today. It is important.

Mr. Speaker: Order. Debate has been adjourned. Does the honourable Minister for Conservation have leave to speak to this bill? *[Agreed]*

Hon. Stan Struthers (Minister of Conservation): Thank you very much, Mr. Speaker. The only thing colder than the hearts of members opposite is the temperatures this winter that these folks will have to face. This government is showing the kind the leadership that is necessary to help those people out.

Mr. Speaker, members opposite of both official parties believe that we should let the market rule in this case, that Adam Smith ultimately was correct, that government should play no role in helping people stay warm this winter.

Mr. Conrad Santos, Deputy Speaker, in the Chair

I reject that absolutely, and I think members, if they really thought about it for a few minutes, would also come to reject that approach in this case.

I have constituents who are facing 20 percent increases in their heating costs this winter.

An Honourable Member: But very few. Now you can cross-subsidize Hydro.

Mr. Struthers: A very few. You know, Mr. Deputy Speaker, the Member for Emerson

(Mr. Penner) just said to me that it is only a very few who will be cold this winter. We represent all Manitobans in this Legislature. We represent all Manitobans, not the very few who can already afford to switch from natural gas to alternative measures for energy. It is not just a very few. It takes a good deal of money for Manitoba families to convert from natural gas to a more efficient, more clean, more dependable form of energy.

* (11:50)

It is okay for people in the Tory caucus to believe that it is only a very few so it does not matter. I do not think that is a very democratic or very Manitoban way to approach this problem, these extraordinary times that we face, Mr. Deputy Speaker. It leads me to wonder what kind of heating source keeps warm those ivory towers that members opposite meet and live in. Is it a geothermal system that powers the ivory tower that they all exist in, that they have their caucus meetings in? It is okay for members opposite, I suppose, to have the big fancy debates, the big philosophical debates about cross-subsidization, to have those big-brained discussions, the brainiac discussions that I guess they have in their ivory towers when they consider this legislation. It is okay for them to do that totally separated from what the reality is in Manitoba.

My advice to them, Mr. Deputy Speaker, would be that they should climb down all those stairs, down that ivory tower. Get out there and see, first of all, what the temperature is like and talk to people who cannot afford to have spikes in their energy costs over the course of this winter. Ask those people what they think of government being proactive. Ask those people who have to crank up their energy to keep their kids warm at night. Ask them what they think. Ask them who Adam Smith is. Ask them what they believe is cross-subsidization. You will get into a discussion about it. Let us get the Webster's dictionary out and find four different definitions of cross-subsidization and see how that applies to people living in my constituency and their constituencies, in the North, in rural areas, in Brandon, in the city of Winnipeg. Ask them what they think of the philosophy of cross-subsidization from one energy source to another. Go ahead, ask them.

Mr. Deputy Speaker, this is the gang of people across the way who could not even bring themselves to equalizing hydro rates in the North

and rural parts of Manitoba. They could not even do that, and now here they are today, in Question Period—

An Honourable Member: You ask them. You got beat up.

Mr. Struthers: Well, you know, the Member for Russell (Mr. Derkach) thinks it is a big deal to beat somebody up in here. The member from Russell is thinking that what is important here is the political statements that we make.

I say, Mr. Deputy Speaker, the important thing to discuss is actually this legislation that is going to protect Manitobans from spikes in their heating costs this winter. Sometimes all of us as legislators need to step up and above all that din. We need to step up and above all of the philosophical, ideological debates that we get into. They can be fun sometimes. It can be fun to go back and forth, and this building, this Chamber is built in ways to promote that kind of a debate of lofty ideals. We might think that is fun in here, but that does not pay one nickel towards the kinds of price increases in natural gas that our constituents, Manitobans, are going to face this winter.

These are extraordinary times for these folks, Mr. Deputy Speaker, and we need to have a government who proactively steps forward and shows the kind of leadership that I see in this legislation that we are debating here today.

Mr. Deputy Speaker, I heard the word "fearmongering" used this morning. We on this side of the House are concerned, as should all decision makers in this province, about the level of which our constituents are going to be facing increases in home heating costs this winter. So for members opposite to write it off just as fearmongering, I think, indicates to me that they do not get it. I will make a prediction here. I am not usually very good at predictions. I have predicted the Toronto Maple Leafs to win the Stanley Cup every year since 1967. I have been proven wrong about 38 times in a row, but I am going to make a prediction that if we did nothing, if we did not do anything and you saw people in Manitoba experiencing huge increases in their gas bills, these would be the first people to squawk about it. They would be after us saying, "Come on, Mr. Provincial Government and Mrs. Provincial Government, come on, do something about this." We would be accused of being cold-hearted.

So here we are today bringing forward legislation that, as the minister has very clearly, very concisely spelled out for everyone to hear, smoothes out some of the roughness that Manitoba families will face and sets the stage, quite wisely, I believe, for the long-term gains that we can see in getting people in Manitoba off of natural gas and into alternative forms of energy. That is not just good for Manitoba families, Mr. Deputy Speaker, but that is also very good economics for our province and our economy as a whole.

Mr. Deputy Speaker, I must say that I get quite excited when I come across very fine examples of Manitobans who are making decisions that are good for not just our economy, but our environment, too. Our Minister of Energy, Science and Technology (Mr. Chomiak) mentioned a number of these examples earlier. I come across, on a regular basis, Manitobans who have converted to geothermal heat pumps to heat and cool their homes, their businesses, their machine shops, all kinds of good examples of people taking advantage of this very efficient technology. I come across examples of people using solar energy in this province, in a very positive way, converting off of natural gas and using solar as a way to heat their homes, as a way to, as I mentioned a couple of weeks ago, even power a weigh station on No. 6 highway, north of Woodlands. There are lots of good examples of the use of solar power to provide energy in Manitoba and it is untapped as of yet. There is so much potential, so much room for growth in the area of solar power, and we need, as a government, to show the kind of leadership that is in this legislation to allow that to happen, to encourage it to happen. We have been doing that, and I would suggest that our friends across the way should get on board in something as positive and proactive as those steps are.

We have examples, and they are well documented, of the use of wind in our province. Again, the potential there is huge. We have examples, Mr. Deputy Speaker, of capturing methane and using that gas to provide energy, for example, at the northwest treatment facility here in the city of Winnipeg. You know, we have to congratulate municipal decision makers for making those kinds of choices and moving forward progressively in that manner. We need to have the framework, and the incentives to move forward with those kinds of decisions, and that needs to

come from a forward-thinking provincial government such that we have.

One other area that I want to touch on just briefly. There is the kind of progress we have seen in terms of green buildings in Manitoba. Ultimately, the green buildings, supported and led by groups such as the Leeds, L-E-E-D-S, approach system, a system for encouraging building of large buildings to move forward and be green, employ environmentally friendly technologies; that is good for our economy and for our environment in the long run.

These are the kinds of things that this legislation envisions Manitobans moving toward. We have to be there as a government to help. We have been, and our minister's commitment, commendable commitment, has been to continue and support that kind of a move toward energy efficiency.

*(12:00)

We have a lot of examples, through our Power Smart programs, through Hydro, that we can point to, positively, that help Manitobans. This legislation does two things. First of all, it prohibits further increases in natural gas prices during the '05-06 winter heating season. It allows the government to limit such price increases in '06-07. We cannot expect that we are going to get to our long-term goal, and we cannot expect the transitions, the positive transitions that we have seen happen in Manitoba to continue if we do not step up to the plate in the short term and do exactly what our ministers are proposing we do here today. Without getting into these big discussions about cross-subsidization and all the rest, and I think we all understand the economics of those debates, we cannot allow those lofty discussions to negatively impact, in the short term, the help that we must get out to our constituents. We cannot allow that to happen.

Mr. Speaker in the Chair

In the long term, this bill requires Manitoba Hydro to establish a stabilization, an affordable energy fund. That makes good sense. We all should be looking to make sure that there are funds available to help in these transitional times and also to help in these extraordinary times that our constituents are facing.

So, Mr. Speaker, the need for this legislation, I think, is quite clear. The good, positive reasons to move forward with this legislation, I think, are quite clear. And I think what was quite clear and made absolutely crystal clear this morning in Question Period, when I listened to the questioning and to the answers that were given, is that there is a line that is drawn right down the middle of this Chamber, right down the middle of this House, separating legislators, on one hand, who want and are courageous enough to step forward and provide for their constituents, for all Manitobans, the kind of support that we need in smoothing out the price spikes, the rate shock that Manitobans would face otherwise and, on the other side of that line, a group of people who do not think that there are going to be enough problems, that there will not be enough people who will suffer the increases in gas prices, natural gas prices, who do not believe that there is a role for government to play in helping people in controlling home heating costs.

Mr. Speaker, I think that, to me, is a good thing, because when we talk about democracy in this province, we talk about having choices for Manitobans to be considering. On this particular legislation, on this particular question of whether we should help Manitobans in paying the increases in natural gas that they will experience, I think it is good to have a choice. I would encourage members opposite to remain stuck in the past. I would encourage the members opposite to follow the route of the dinosaur. I would encourage members opposite to stay on the opposite side of that line from where this provincial government is, because it is my belief that Manitobans would line up on this side of that line down the middle of this Chamber along with us because, deep down, I do not believe Manitobans believe that we should just let some Manitobans freeze in the dark. I do not think Manitobans agree with members opposite on that particular point.

I do not believe Manitobans believe their opposition should be defending the interests of Alberta. I do not believe they agree with members of the opposition that we are here to defend the interests of Alberta or Texas or anywhere else. I think Manitobans believe that we should be stepping forward with a Manitoba-made policy in terms of alternative energy and that we should be looking for ways to transition Manitobans off of natural gas and into technologies that will keep our

families warm and not break their bank accounts. That is where I think Manitobans are on this.

Now, members opposite have been around for a long time and maybe they believe they know better. But I am willing to have Manitobans look at the two positions that we have in this House, the Tory-Liberal position of "Let the market rule. Let them freeze in the dark if they do not have the money to pay for it" versus our vision where we step forward as a government and we recognize that we have a legitimate role to play in helping Manitobans meet the challenges of natural gas increases. I think they would encourage us to step forward with legislation that we are debating here today. I think Manitobans und, when it comes to defending our actions, not just in this House, but out there on the streets, in the coffee shops, door to door, I will take our position as opposed to their position any day.

So, with those comments, I just want to wrap up by saying that I am very pleased that our government has brought forward this type of positive, proactive legislation and that I am going to be more than happy to stand and vote in favour of it. Thank you, Mr. Speaker.

Mr. Speaker: The honourable Minister of Education, does the honourable minister have leave to speak to this bill? *[Agreed]*

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): I am pleased to stand in the House to speak on The Winter Heating Cost Control Act today. You know, it was quite interesting listening to the member from Southdale talk about this in the Chamber earlier and mention that it would be gas in Winnipeg, that only Winnipeg has gas. It seemed to be that he was suggesting that this was targeted to very few people in the province of Manitoba. Well, I would like to assure the member from Southdale that Gimli does indeed have gas, and this will be a benefit to the community of Gimli and the individuals that heat their homes with gas here in my constituency, Mr. Speaker.

But, you know, it does not surprise me that the member from Southdale would make this an urban issue because that was the approach that was taken towards a lot of rural Manitoba with respect to hydro equalization. We were the government that came in and introduced the equalization for hydro rates so that people in northern Manitoba, people in rural Manitoba were paying the same rates as

people in the city of Winnipeg. So, Mr. Speaker, that does not surprise me, that type of thinking.

But Bill 11 is a very important piece of legislation that carries on in our commitment to Manitobans as far as it is a very important piece of legislation that is a reflection of our commitment to Manitobans. Manitoba went from ninth place to first place in the last few years with respect to the standing in terms of Canadian energy efficiency activities. The No. 1 position was recently achieved and, in the last annual rankings, No. 1 in Canada.

* (12:10)

Seventy thousand Manitoba families have participated in a number of programs to increase efficiency. We have the residential loan program helping support more than \$70 million worth of home renovations, saving Manitobans energy, reducing home heating bills and boosting local employment at the same time. A lot of different programs that have been introduced, incentives added on materials and products, insulation to light bulbs, in-home advice, expanding programs to natural gas users, all a lot of wonderful initiatives. The Power Smart program has helped Manitobans save more than 250 megawatts of power, an enormous amount that is now available for export to keep electric rates at the lowest in North America.

Now, these are all wonderful programs and we are building on that. We are building on that through Bill 11 because it provides for the expansion of these Power Smart programs. We are not resting on our laurels. We do not rest on our laurels. We continue to work with our communities, with our partners, and we have more than doubled the target for savings in electricity, and we are similarly increasing the resources available to Manitobans to capture even more savings.

On November 9, the Province and the feds announced the expansion of the Home Insulation Program, another excellent program. The rebate of up to 100 percent of the cost of insulation materials had been available for electric heated homes, but now it will also cover natural gas heated homes, an estimated 120 000 more Manitoba homes, a very significant number. That means \$500 rebates are available to homeowners who are working to upgrade their insulation levels.

Mr. Speaker, this bill would assist in working with community groups to ensure that low-income homes and neighbourhoods are better able to reduce their heat loss and have greater access to alternatives, and that is what this party is all about, alternatives, leaders in geothermal installations, the wind power that we have committed to in this province of Manitoba, the largest wind farm in Canada. This is a government about alternatives, providing homeowners with that little extra help that they need to understand that they can save themselves money through prudent management and through taking a number of initiatives that the Power Smart program offers. Bill 11 provides for expansion of that program.

We want to make sure that the federal government's recently announced \$3,500- to \$5,000-per-home funding for low-income families gets maximum uptake into Manitoba. These monies are, of course, subject to passing the bill currently before the House of Commons, and we know this is not necessarily a guaranteed thing right now as we all know what is happening in Ottawa. But, having said that, we continue to work as a province to show leadership as a province. It has been cited that David Suzuki has cited us as the leader with respect to alternative energy and meeting Kyoto targets and whatnot, and a lot of that has to do with the fact that we work with community groups to ensure that low-income homes and neighbourhoods are better able to reduce their heat loss and to have greater access to alternatives.

Now, there have been a number of programs that are being developed to increase efficiency in the North. Members opposite talk about the North. They do not go to the North, but they talk about the North. We go to the North. We invest in the North in a lot of infrastructure and we also recognize the specific needs of the North and, accordingly, are developing, through Manitoba Hydro and community groups and First Nations and the federal government, programs to increase efficiencies in northern communities with respect to energy conservation. So Bill 11 means more energy efficiency.

Now, we all know that it is important to talk about energy efficiency because we all know that fossil fuel is a non-renewable resource and we have to take a lot more initiative to address this issue. We know there are a lot of problems currently associated with using natural gas for

heat. The price of natural gas is unstable as many a consumer knows. The price is set on the international market and we know there have been a number of things that have occurred in the international market that have left the consumer facing substantial increases in natural gas prices. We could name some of those things that have occurred. The fossil fuel, as I said, is non-renewable, and it can become subject to shortness of supply. We have seen that happen when Hurricane Katrina hit and it threatened the stability of the supply.

Manitoba does not produce the natural gas which it uses but rather must pay oil and gas companies in other provinces, and usually that is our good friends to the west in Alberta. We must pay these provinces for the fuel and that produces a net drain on the economy.

Natural gas is a fossil fuel. It produces CO₂, which contributes to climate change, and it harms the environment. This adds up to a serious problem with the growing volatility of the price of natural gas. Where the price of gas is averaged \$2 per gigajoule much of the 1990s, it first doubled and then tripled to \$6 and \$8 per gigajoule, and now it has risen to \$10 to \$15 per gigajoule range. This is the same as gasoline prices rose from 50 cents per litre to almost a dollar per litre.

Natural gas rates can rise by 200 percent a year, Mr. Speaker. That is why this particular bill, Bill 11, is critical for the people of Manitoba. It provides the tools to deal with the volatile nature of gas prices, and though the fossil fuel is non-renewable, what I am seeing from members opposite is archaic thinking that is renewable over and over and over again. It is the same thinking from members opposite that suggests that we should not be doing this, that we should be ignoring Manitobans who are at risk of facing 20 percent increases in their gas bills, and that is not acceptable.

There are two parts to this bill. The first part talks about protection, and it protects customers from rate shock by preventing rate increases during the winter heating season. Part two talks about solutions and those long-term solutions to help all Manitobans reduce their heating costs by conservation. I have already spoken about those solutions, because people need to be reminded of the record that we have with respect to Power Smart initiatives and the fact that this bill will take

one of the best programs in the country and expand it even further. So it is part of the equation, protection and solutions.

Other actions on heating and energy costs, the lower rate increases, the PUB approved a 6.3 increase for residential customers November 1. This is lower than other provinces, Saskatchewan at 10 percent, B.C. at 13 percent. Commercial rates have increased 12 to 18 percent, which is less than half the 44 percent market increase. The increases are lower than market because of Hydro's prudent planning, their hedging and storage, that may save Manitoba homes and businesses \$120 million for the winter season. Prudent planning, protection, solutions and prevention from rate shock, these are all key components to this particular piece of legislation. I know, as my colleague from Dauphin has said, that we will be hearing about this in the coffee shops, that people appreciate the efforts this government has made to address concerns in one of the coldest provinces in the Dominion, to address their concerns over their ability to be able to afford to heat their homes.

We do have the lowest rates in North America for hydro. Our industrial rate is very low, half of Ontario's rate. Hydro withdrew its proposed October 2005 rate increase. It has helped people against the double whammy that has been applied by volatile gasoline and natural gas prices, so we have a wonderful team in Hydro and we have a government that is committed to ensure that the gas prices are not something that will be unbearable for Manitobans. I know a lot of Manitobans have been thinking about this when you consider the temperatures that we endured last night and the wind chills and the temperatures of minus 31 degrees. It reminded us that we do live in one of the greatest provinces in the country, but we do live in one of the coldest provinces in the country, and we want to live comfortably, and the fact that we brought forward this legislation, Mr. Speaker, to ensure that residents of Manitoba will not endure extreme increases in their gas rates to heat their homes can live comfortably.

*(12:20)

There are a number of different things that we could speak to on this bill. Bill 11's fund will encourage alternatives to natural gas. Geothermal earth energy heating is much cheaper to operate than natural gas and has no pollution. Now, I do not know about you, Mr. Speaker, but I heard a lot

of noise pollution today about this bill. Then again, it is a reflection of the archaic thinking of members opposite. We know that with geothermal energy the ground source heat pumps technology harnesses the earth's energy to provide heat to homes, schools, offices and ice rinks and arenas, and I know my colleague, the Minister of Energy, Science and Technology (Mr. Chomiak) referred to how he wished we could have harnessed some of that energy and the noise pollution and wind pollution from across the floor today on this particular issue.

But we have a number of different initiatives that are underway here in Manitoba, including the geothermal Earth energy heating systems. This government and Manitoba Hydro believe in this technology, and we have managed to quadruple the installation rate for geothermal heat pumps in the last four years. This means thousands of Manitoba homes and businesses have already been assisted in waving goodbye to their gas heating bills forever.

But, of course, through the Public Schools Finance Board, there is a review of green buildings that is being undertaken. Wherever possible, wherever feasible, we will ensure that geothermal energy is a part of the new public schools infrastructure. A number of initiatives are being undertaken through the PSFB to address issues of greener buildings and more energy-wise buildings.

So what does Bill 11 mean? It means more geothermal energy, Mr. Speaker, again, problems, solutions and proactive approach to addressing an issue that is very, very important to Manitobans. A practical solution. All these actions, extending the Power Smart, extending efficiency incentives to gas-heated homes, boosting the heat pump infrastructure, working with low-income families and community groups and First Nations, all of these actions have been taken to ensure that we are in a position to provide more effective practical help to Manitoba families and businesses, wishing to reduce their exposure to imported energy prices.

Well, Mr. Speaker, the opposition seems to take a lot of delight in referencing a newspaper article with former Premier Ed Schreyer. We agree with Ed Schreyer. It is wrong to subsidize fossil fuel rates with renewable Hydro revenues. Bill 11 does not cross-subsidize. We will have to check Hansard to see how many times members opposite suggested that was the case. But it provides for

price increases in natural gas to be deferred and paid back over time. That is not cross-subsidization. It prevents the hardship of sudden rate shock, and members opposite are suggesting rate shock, "Let the markets do as they may." But Manitobans expect more from this government, and this government delivers. It provides for some Hydro profits to help Manitobans reduce their consumption and switch to alternatives. That is the goal. It is about identifying a problem, it is about proposing solutions.

The Public Utilities Board has indicated correctly that there is potential crisis here. There are serious social and human concerns associated with the rate hikes, which members opposite have dismissed and said, "Let the markets do as they may." Even with rate smoothing, low- and fixed-income Manitobans will have a tough time coping with heating costs, and this can cause hardship and unwanted social costs. So funding targeted programs can prevent this.

From a financial perspective, Centra Gas may face millions of dollars in uncollected bills. A strong energy efficiency program will help stem these losses, Mr. Speaker. All natural gas customers of Centra Gas are also electricity customers of Manitoba Hydro, and electricity ratepayers stand to benefit.

As the PUB has correctly noted, there is a business case for Hydro to reduce natural gas heating costs in Manitoba. If natural gas customers are faced with a sudden large increase in rates, many may switch to electric heat. Hydro would be hit with the cost and losses associated with rapid movement of fuel switches from natural gas to electricity, reducing thus their net electricity export revenues on an ongoing basis, and export sales help keep hydro-electric rates low.

But, no, all this information taken into consideration, members opposite say, "Let the market do what it will. Let the market do what it will," that only a few people benefit here in Manitoba, where indeed all that we have read and talked about today speaks to the fact that every Manitoban will benefit because every Manitoban, last time I checked, still owns Manitoba Hydro. I wish we could say the same, of course, about MTS.

We continue to build on the success of Manitoba Hydro and that is our government commitment. Our commitment is to ensure that

seniors, low-income families, non-profit organizations, do not suffer from a 20 rate increase. Our commitment is to ensure that seniors, non-profit organizations, low-income families and all Manitobans have access to programs which will allow them to explore alternatives for energy.

Our commitment is to ensure that the program that has made Manitoba No. 1 in terms of efforts to be energy efficient continues to be No. 1 and break new ground in terms of how we can assist our people in the fine province but often cold province of Manitoba being more energy conscious and being more energy efficient, thus benefiting all Manitobans. The more energy we save in Manitoba, the more energy we can export to the United States. The more energy we export to the United States, the more we benefit all Manitobans, Mr. Speaker. Again, it builds on the success of Manitoba Hydro.

New generation dams built in historic partnerships with First Nations peoples. Plans are underway for these dams to include equity partnerships in large-scale training programs, thousands of jobs, so that benefits are long-term and fairly shared. Wuskwatim and Conawapa are examples.

Harvesting Manitoba's winds, clean energy source, environmentally friendly, can provide economic development to rural communities. The member from Carman is very much aware of this particular initiative. The Government of Manitoba and Manitoba Hydro are committed to developing 1000 megawatts of wind power over the next 10 years, and the first 99-megawatt wind farm is already harvesting that energy and turning into electric power at St. Leon.

I have mentioned it before, and I will mention it again, because the members opposite need to be reminded how important this initiative is with respect to expanded export sales. Expanded export sales enhance and diversify Manitoba's transmission links and market contracts.

A 400-megawatt sale to Ontario this year, worth well over \$500 million in new export sales. Now members opposite talk about let the market do what it will. We saw what the market did when they privatized MTS. We saw senior citizens paying 68 percent more, 78 percent more, whatever the case might be on their telephone bills. Our vision was not selling a public utility. Our vision was taking one of our strengths and

building on that strength. We have committed to do that. We will continue to do that. We have a vision for Manitoba Hydro. We are only able to take such action because of the long-term investment and belief in Manitoba Hydro as a Crown corporation owned by the people of Manitoba for the people. This is a vision which has developed and been realized by foresighted actions taken at the Province of Manitoba Hydro across past decades.

Now, members opposite do not share this vision. Members opposite want to sell Hydro. They privatized MTS and local phone rates went up, as I said, 68 percent. The people that have profited most from the privatization of MTS were the stockbroker friends of the Tories and the Jaguar dealership, but today's Hydro success benefits all Manitobans. The historically high water levels of the recent past have helped boost Hydro's electricity related export earnings to historic highs.

Now, of course, in the House today, they said, "Oh, a \$192-million surplus." They are talking surplus. It is the profits for the first six months; it is not surplus. When the water is high, yes, there is lots of money generated by the plants, by the power projects, but when the water is low, as pointed out by the Minister of Energy, Science and

Technology (Mr. Chomiak), that if we were to give back the funds—

* (12:30)

Mr. Speaker: Order. When this matter is again before the House, the honourable member will have eight minutes remaining. It will also remain standing in the name of the honourable Member for Russell (Mr. Derkach).

The honourable Government House Leader, on House business?

House Business

Mr. Mackintosh: Mr. Speaker, this is to announce that, in addition to the bills already sent to the Standing Committee on Justice for Tuesday night, that the committee will also consider Bill 10, The Convention Centre Corporation Amendment Act.

Mr. Speaker: It has been announced that, in addition to the bills that will be considered by the Standing Committee on Justice on Tuesday, November 22, 2005, at 6 p.m., the committee will also consider Bill 10, The Convention Centre Corporation Amendment Act.

* * *

Mr. Speaker: The hour being 12:30 p.m., this House is adjourned and stands adjourned until 1:30 p.m. on Monday.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, November 18, 2005

CONTENTS

ROUTINE PROCEEDINGS		Members' Statements	
ORDERS OF THE DAY		Magnus Eliason	
Introduction of Bills		Santos	501
Bill 13–The Conservation Districts Amendment Act		Nellie McClung Collegiate	
Ashton	493	Dyck	501
Petitions		General Byng School Exchange Program	
Coverage of Insulin Pumps		Irvin-Ross	502
Goertzen	493	Catherine Thexton	
Crocus Investment Fund		Eichler	502
Lamoureux	493	Engineering & Information Technology Complex	
Oral Questions		Brick	502
Winter Heating Cost Control Act			
Cummings; Chomiak	494		
Cummings; Doer	494		
Mitchelson; Chomiak	494		
Mitchelson; Doer	495		
Schuler; Chomiak	495		
Schuler; Doer	496		
Reimer; Chomiak	498		
Derkach; Chomiak	499		
Gerrard; Doer	500		
Manitoba Hydro			
Mitchelson; Doer	496		
Mitchelson; Chomiak	497		
		ORDERS OF THE DAY	
		GOVERNMENT BUSINESS	
		Second Readings	
		Bill 11–The Winter Heating Cost Control Act	
		Chomiak	503
		Struthers	513
		Bjornson	516