

## **NEWS RELEASE**

For Immediate Release

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# **City Fills Coffers with Energy Tax as Winnipeggers Struggle to Pay Bills**

## **Loney: Windfall Will Be Dedicated to Energy Efficiency**

WINNIPEG, Manitoba – Shaun Loney, who will register to run for Mayor in the Fall 2022 civic election, released data today showing that the City of Winnipeg is profiting off high energy bills yet offers almost nothing in services to help families and businesses reduce their energy costs.

“As energy bills increase, so do the taxes that the City collects,” said Loney noting that the adopted budget for 2022 projects a \$2.2-million windfall in civic energy tax revenue compared to 2021.

“If elected Mayor, I will dedicate these windfalls to implementing *Winnipeg’s Climate Change Action Plan* specifically helping Winnipeggers reduce their energy bills.” Loney noted the Ukraine-Russia conflict will further drive up energy costs.

Winnipeggers are now receiving their highest energy bills of the year. Not only was it an exceptionally cold winter but the price of primary gas, the largest component of natural gas bills, is more than 75 percent higher than it was only four years ago.

“Winnipeggers are largely unaware that the City of Winnipeg collected more than \$22-million last year from a civic tax on the non-heating portion of natural gas and electricity bills for homes, apartments and commercial buildings” said Loney noting poor transparency in the City’s budget documents.

Loney said to make matters worse, the City of Winnipeg is doing a very poor job of leveraging unprecedented levels of funding from senior levels of government to help residents and local businesses reduce their energy usage.

“Other cities have recognized an opportunity to create green jobs, lower carbon emissions and help families and businesses lower their energy consumption. There has been a disappointing lack of progress by the City of Winnipeg since approving its climate strategy in September 2018,” said Loney. “When I’m Mayor we will make reducing energy use a priority for the City of Winnipeg by leading by example, using modern financing tools, creating new partnerships with industry and energy providers, and aggressively pursuing financial support and incentives from other levels of government.”

“I’m a social entrepreneur,” said Loney. “We see different ways of doing things.”

## About Shaun Loney

Shaun Loney is an award-winning social entrepreneur and author. He was an *EY Entrepreneur of the Year* and winner of Scotiabank's *Green Business of the Year*. His latest book is *The Beautiful Bailout: How a Social Innovation Scale-Up Will Solve Government's Priciest Problems*.

## For More Information:

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- See **Backgrounder** beginning on the next page.

# Backgrounder

## 1. Shaun has a proven track record addressing energy issues.

Shaun served as Director of Energy Policy for Manitoba from 2002 to 2007. During this period he led a team that, in cooperation with Manitoba Hydro, enabled Manitoba to become the top ranked jurisdiction in the *National Energy Efficiency Report Card* by the Canadian Energy Efficiency Alliance.

After leaving government, Shaun started several successful energy-related social enterprises. In 2006, Shaun founded BUILD which has lowered utility bills in over 15,000 households by insulating, installing high-efficiency natural gas furnaces, ground source heat pumps and water-saving appliances. The BUILD model has been replicated in several other communities across Canada.

In 2013, Shaun co-founded Aki Energy. Aki Energy has installed \$15 million in ground and water source heat pumps on First Nations training and hiring First Nations labour. Aki Energy uses innovative business tools to install these renewable, cost-saving systems.

## 2. The cost of natural gas is volatile and has increased sharply.

Natural gas bills consist of a fixed monthly fee, the cost of natural gas, transportation and distribution charges plus civic, provincial and federal taxes and levies.

Primary gas, the largest component of natural bills for residential and business customers, has increased from **7.62** cents per cu. m. in February 2018 to **13.43**, an **increase of 76 percent**.

*Source: Manitoba Hydro Historical Electricity and Natural Rates ([link](#))*

## 3. Thousands of Winnipeg households suffer from energy poverty.

'Energy poverty' refers to households or communities that struggle to heat and cool their homes and power their lights and appliances (threshold is 6 per cent or more of after tax household income spent meeting energy needs).

The City of Winnipeg does not track energy poverty. However, according to municipal reports and Statistics Canada, one in eight people in Winnipeg live in poverty. For Indigenous peoples, the situation is worse: one in four.

**Sources:**

*Canadian Urban Sustainability Practitioners ([link](#))*

*The State of the Inner City Report: Placing Community at the Heart of the Recovery from COVID ([link](#))*

## 4. How the civic tax on natural gas and electricity is calculated.

The natural gas and electricity tax are legislated in Section 441 of *The City of Winnipeg Charter*. These taxes are calculated and levied by Manitoba Hydro and remitted to the City of Winnipeg on a monthly basis. The rate charged is 2.5% for domestic consumption and 5% for commercial consumption of natural gas and electricity for non-space heating purposes.

*Source: 2022 Preliminary Budget Operating and Capital Volume 2 (see [link](#))*

**5. The City of Winnipeg doesn't know how its energy taxes compare to other Canadian cities.**

When asked, civic officials stated that “*no recent comparisons have been conducted based on the knowledge of current staff*”.

*Source: City of Winnipeg Communication (Feb. 25, 2022).*

**6. Breakdown of energy taxes collected by City of Winnipeg in 2021 and projected for 2022.**

**2021 Revenue** (actual): **\$22,155,562** (\$19,542,936 for electricity + \$2,612,626 for natural gas)

**2022 Revenue** (projected): **\$24,390,000** (\$21,650,000 for electricity + \$2,740,000 for natural gas)

*Source: City of Winnipeg Communication (Feb. 25, 2022).*

**7. There is a lack of transparency in reporting about how much energy tax revenue is collected by the City of Winnipeg.**

Although the City of Winnipeg considers its taxes on electricity and natural gas as “*major sources of revenue*”, its Operating and Capital Budget does not disclose how much total revenue it has collected (or projects it will collect) from these specific taxes.

*Source: 2022 Preliminary Budget Operating and Capital Volume 2 (see [link](#)).*