

The Budget—Hon. B. Kaplan

is an essential vehicle, even in our big cities. Mass transit in Canada is less transit in buses and subways than transit by car. Mass transportation in Canada is the automobile, because that is the way most people do travel. So we cannot look at gasoline prices as being a luxury item. In addition, gasoline is the fuel for most of the transportation of goods in Canadian society. When gasoline prices go up through tax increases, it is inevitable that food prices will go up, the cost of shelter will go up because of the transportation factor and its production, and all of these industries in the middle are part of the cost of living of the Canadian people. Gasoline prices have to be a matter of concern of the Government and of this Parliament because of that.

Finally, gasoline prices matter a lot because tourism is an important industry in this country. If gasoline prices are high, as they are now, when they are falling in other places in the world, that is a factor against one of the most important industries in our country, the tourism industry.

So having shown you how important gasoline prices are and how important it is that it be Government policy to moderate gasoline prices, I want to look at the record and examine what it is that is happening in gasoline prices, and what, in the submission of the Liberal Party and of our caucus here, should be happening.

Since this Government came to office, it increased the taxes on a litre of gasoline by 66 per cent. That is a very big increase, because the taxes are a high proportion of the price charged for gasoline. In 1984, federal and excise taxes on gasoline were 4.3 cents a litre. After this Budget, they are 7.12 cents a litre. That is a 66 per cent increase. While there was no increase in the excise tax in the last Budget, the general sales tax was increased by 1 per cent, and that applies to gasoline as well. That Budget, alone, saw a 0.3 cent a litre increase in the price of gasoline, which amounts to 1.3 cents a gallon.

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In spite of the importance of gasoline to tourism, which I believe the Government acknowledges, it has looked to gasoline and targeted the price of gasoline as an area where taxes can be levied but not noticed by Canadians.

However, Canadians do notice these increases in a very interesting context. They are noticing it in the context of world prices that have fallen by more than 50 per cent since last December.

Last December, the international price of a barrel of oil was \$22.50 U.S. The price of a barrel of oil has fallen to below \$14 U.S. which is a decrease that is having an enormous impact on the energy sector. I will talk about the problems of that sector in a moment. Members of our Party have pointed out what must be done to keep the energy industry healthy and to ensure job increases and economic activity in Alberta and elsewhere.

Before dealing with the impact of falling oil prices on the energy sector, let me talk about its impact on my constituents who fill their gas tanks at the pump. The price decreases as a result of a 50 per cent drop in the world oil price has been so

small that it is almost scandalous. Gasoline prices in Canada are not falling to reflect that drop in world oil prices although we see in the United States that the price of gasoline at the pump is falling rapidly.

The prices have not decreased partly because the Government is applying a substantial increase in taxes, but even when one takes that into account, there should be a decrease similar to what is taking place in the United States.

The Minister of Energy, Mines and Resources (Miss Carney) tells us that we only need to wait for that drop in price to take place. She says that it takes 75 days for a decline in world oil prices to work its way through the storage tanks, through the vessels carrying the oil, through the refineries and through the consumer storage depots in our cities to get to the gas pumps. Therefore, it should also take 75 days in the United States for those price decreases to take effect. Why must my constituents wait for 75 days when these benefits are being realized much more quickly in the United States?

The answer is that in the United States there is a much higher degree of competition among gas retailers. Many of us have visited the United States as tourists and witnessed the competition that does not exist in Canada. For instance, gas stations charge lower prices to those who are prepared to pay cash and accept many different credit cards. There is much greater evidence of interest in the consumer and competition in the United States than in Canada.

I am not suggesting that the gasoline companies in Canada that run the majority of gas stations in this country are breaking the law or in a conspiracy. I do not have proof of that, but an investigation was conducted by the former Government and a report published explaining that this is not an industry in which competition works. The major oil companies are powerful and watch each other closely. Price leadership occurs, and when the reduction of 2 cents a litre took place a couple of weeks ago we saw how the other companies followed the lead of Imperial Oil.

The report to which I refer warned Canadians that steps needed to be taken to make the Canadian industry more competitive so that Canadians would benefit immediately from any breaks without any stalling by the companies. The former Government's solution to increased competition in Canada was the establishment of Petro-Canada. We wanted it to make money and operate much like an ordinary company except that it would be publicly owned. When the public interest requires it, we expect Petro-Canada to show some leadership in that industry.

In this environment of falling world oil prices when the Seven Sisters are trying to make as much money from this situation as possible by keeping prices high for as long as possible, Petro-Canada's role is obvious. It should begin to lower prices as a result of what is happening in the world.

Instead, we learn that Petro-Canada is being used as an instrument of the energy industry to keep prices high and rationalize the industry through non-competitive means so that