The plain fact is that the oil companies are using upstream profits to offset downstream losses. This in turn puts the squeeze on the independent dealers. Something must be done to average out refining to avoid periods of excess refining capacity, and something must be done to prevent the major oil companies from waging aggressive war against independent gasoline retailers.

My third bone of contention is the ten cents per gallon federal tax on gasoline, imposed in July of 1974, and the uneven pricing policies that see motorists paying as much as 20 cents differential for a gallon of gasoline between filling stations 50 miles apart. When there is that much difference in the price of a gallon of the same gasoline, I cannot help thinking that there is a violation of anti-combines laws.

The additional ten cents per gallon federal tax on gasoline is unjust. It is inflationary, it works a hardship on all those people who use motor vehicles in their businesses, and on the tourist industry. I ask the minister if he will consider that I have a legitimate complaint and if he will now undertake an investigation that will lead to corrective action.

● (2317)

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, differences of up to 16 cents a gallon in the retail price of gasoline within the same area occur as a result of market forces and the profit margin that the local retailer and the oil company are prepared to accept to keep their share of the market.

The competition in the retail gas business is quite brisk in any large urban area. It can cause prices at the pump to be lower than posted wholesale gas prices, that is the amount the wholesaler gets from the local service station operator. The difference in those prices is absorbed by the oil companies on behalf of their retail branches. Independent branches may not be able to enjoy that advantage. In addition, up to 10 per cent of the difference in the wholesale gas price between two cities can be due to transportation costs.

Refining operations must also be taken into consideration. During the winter the demand for gasoline decreases whereas the demand for home heating oil increases. However, the nature of the refining process is such that a certain amount of gasoline is derived from a barrel of crude oil whether there is a demand for gas or not. In other words, the refiner who produces enough home heating oil to meet the demand in winter must necessarily also derive gas therefrom in such quantity as to exceed demand. In the final analysis, this factor has a repressive effect on gas prices for both wholesale and retail outlets. If a major refinery ends up with an amount of gas in excess of what it can store it will get rid of it on the market through its network of retailers in those places where they are most likely to sell this product. The other retailers must then lower their prices and engage in gas price war. Obviously, if it is a very local and busy area of a city, prices there can get very low, whereas prices can be relatively high in other areas.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 11.13 p.m.

END OF VOLUME IV