

*The Budget—Mr. McRae*

gallon on gasoline. I see problems either way. I hope we will be given some figures to indicate where the break even point is—in other words, the point where average Canadians would pay more out of general revenue through increased income tax than they would by paying 10 cents a gallon. We must remember that a senior citizen, for example, probably only drives two or three thousand miles a year, and therefore, I think those on an average income should pay less by reason of the 10 cents tax than through income tax.

However, this has created one problem that concerns me, and I think will concern members from northern Ontario and from outlying parts of the country where population is somewhat sparse and distances between communities are great. In order to get to their jobs and to go from community to community, people in these areas are going to use more gasoline than those who live in the more populated areas of Canada. This is a problem that I hope the minister will consider, and perhaps will make some exceptions to make the situation more equitable. Some people have to drive 30 or 40 miles to work by car, and in some cases like this a car pool is not even possible.

Having said that, although I do not like this method of conservation of energy, I think people will tend to use energy products more carefully. Conservationists tell us that by increasing the cost of fuel you do effect some conservation, and I think this is likely true.

I should like the government to consider for the future some serious conservation efforts, perhaps through the issue of coupons which would allow individuals to purchase gasoline to a certain amount free of the tax. I am told that the average car owner in this country uses 700 gallons of gasoline a year. I suggest that 300 or 400 gallons might be allowed free of tax, with purchases over that figure being subject to a more severe tax.

The reason I make that suggestion has not so much to do with the tax itself as with the problem of conservation. The hon. member for Vancouver South talked about our living beyond our means, and in saying that I think he means living beyond our resource means. He nods his head in agreement, and this is something he and I have talked about many times. There is no question we are in a precarious position resource-wise in the long term, and I think the seed of conservation has been sown in this particular budget. This is only a start, and will only be a start until we seriously do something like I suggested. We should make people far more conscious when they pull up to the gasoline pump of the fact that they should only use 300 or 400 gallons a year. I suggest that in the future this may be one of the necessary approaches.

● (1600)

I would hope that we will be more conscious of the need for conservation and the need for decreasing energy demand. We must work on the demand side of energy far more than on the supply side. I am very concerned, for instance, when the Ontario government talks about hydro projects in the next 10 years amounting to \$30 billion or \$40 billion, when we have \$15 billion to \$20 billion going in at James Bay, and the prospects of up to \$107 billion to \$120 billion in energy development in the next 10 years. Just imagine the distortion that will create. Where is Mr.

[Mr. McRae.]

Danson going to get his money for housing when these things are going on? The distortion in the money markets will be considerable. We have to be very careful about this kind of thing, and I make a very strong plea to the government and this House of Commons in respect of a much more serious approach to conservation.

Let me summarize. This is a budget of mild restraint which comes at a time when the economy is beginning to improve. My concern is with the 10 cent gasoline increase, and particularly with the hardship this will create in northern Ontario. I see some value in this kind of tax in terms of conservation, and am hopeful in the long run that it will be modified so as to overcome some of the problems that will be created.

Let me say one other thing. I am somewhat unhappy that funds were cut for the balance of this year from Petro-Can in order to accomplish some restraint. If we are to become self-sustained in energy, and if we are to move away from 90 percent foreign ownership in this industry toward a Canadian energy industry Petro-Can is a vital step. I am sure that full funds will be available for this development next year. In the meantime we hope this bill will go through before we leave in July so that we will have a really viable Canadian industry next year.

**Mr. Baker (Grenville-Carleton):** Mr. Speaker, I was wondering whether the hon. member would permit just one question.

**Mr. McRae:** Yes, if I can hear it.

**Mr. Baker (Grenville-Carleton):** I want the hon. member to know that I personally share many of his concerns of which he spoke regarding the budget, I might say in a very thoughtful way. Having regard to what he said about the 10 cents tax, does he not agree that the 10 cents per gallon tax for equalization purposes, as we have been told, as applied to motor vehicle operators is in effect loading on one group of Canadians the cost of solving a problem that is the responsibility of every Canadian? Does he not agree with that general proposition?

**Mr. McRae:** I am not sure I would disagree with the intent of what the hon. member is saying. What we have not seen, and what I think we should see, is the relationship between the number of miles driven by people and their incomes. I do not think we have seen this relationship and how this may affect the situation. I have not seen those figures but I hope they are produced at some time. It may be we will find this is not really a regressive tax. It may be the very opposite, but I do not know. I should like to know the answer to this before saying yes or no to the hon. member's question.

**Mr. Baker (Grenville-Carleton):** Perhaps I might ask the hon. member one further question. Would he undertake to urge the production of these figures by the Minister of Finance (Mr. Turner), as I think they will be extremely important to the consideration of the bills which are to follow this budget? Would the hon. member do that?

**Mr. McRae:** I would hope the minister will produce those, and I will certainly ask for them.