

Obstacles in the way of finding a solution to rising gas prices

It is no secret that gas and energy prices have risen significantly over the last year. And they may go higher yet. A Goldman Sachs research report predicted it increasingly likely that oil will reach \$150 to \$200 per barrel in the next two years (resulting in gas at \$1.50 to \$2 per litre).

Jeff Rubin, of CIBC World Markets, recently predicted that oil would reach \$225 per barrel by 2012 (with gas at \$2.25 per litre). Even if these short-term predictions are wrong, no doubt can exist about the long-term trend: The price of oil (and consequently gasoline) is going nowhere but up. Why? Simply put, oil is a finite resource and the world is running out of oil. The remaining supplies are increasingly difficult and expensive to extract, while demand from developing countries shows no sign of slowing down.

So what can be done to ease the pain for Canadians? Governments could reduce taxes on

fuel. However, in a global market where supplies are constrained and demand outstrips supply, any tax reductions on fuel will not result in reduced prices at the pump. If prices were forced down below present market levels, mile-long queues at stations would ensue due to gas shortages.

Governments could reduce other taxes (like those on income) to provide people with more disposable income to cushion the rising cost of fuel. Again, this is of limited effect in the context of oil prices that have doubled or tripled. The Canadian government could subsidize domestic consumption of gas with domestic production. This too presents problems, for it would put our

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trade relationships at risk (and consequently manufacturing jobs in Southern Ontario) and it would raise the ire of oil-producing provinces in western Canada and Newfoundland. Memories of the National Energy Program

of the early 1980s run deep.

What about technological solutions? Here too, there are no magic bullets. Any new technologies are more expensive than the oil-based ones they replace (otherwise market forces would have already introduced them) and some promised technologies may never come to fruition due to technical barriers and costs.

Ultimately, the rising price of gas is going to present to our sprawling car-based communities

with a major headache.

Canada, and particularly Ontario, faces two other issues that are exacerbating rising gas prices: An exploding population and the need to cut Green House Gases (GHGs). The Golden Horseshoe is predicted to grow from a 7.7 million to 11.5 million people by 2031— a 50% increase of almost four million people in 30 years. We also have a commitment to cut GHGs by 20% by 2020 and by 60% by 2060, all in an effort to reduce pollution and GHGs. These three issues— rising gas prices, a rapidly growing Golden Horseshoe and the need to cut GHGs— make our communities in Ontario vulnerable, and these vulnerabilities are amplified due our low-density sprawl and the lack of public transit.

More on potential solutions in my next column.

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Michael Chong is the MP for Wellington-Halton Hills

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HOLIDAY CLOSURE

JULY 1, 2008 - CANADA DAY

ACTIVAN 905-873-2601 Ext. 2617

- Activan service will be available on Tuesday, July 1st, but the booking office will be closed. Trip reservations for travel on July 1st must be booked no later than Friday, June 27th.

CANINE CONTROL 905-877-6235

- Halton Hills Canine Control Services is open for emergency calls.

CIVIC CENTRE

- The Civic Centre will be closed.

FIRE DEPARTMENT HEADQUARTERS

905-877-1133

- Halton Hills Fire Protection & Prevention Services will remain open with the exception of Administration.

INFRASTRUCTURE SERVICES

- Building, Engineering & Public Works will be closed.

PUBLIC LIBRARIES

- Both the Georgetown and Acton Branches will be closed on Tuesday, July 1, 2008 for the statutory holiday.

Georgetown Branch 905-873-2681
Acton Branch 519-853-0301

RECREATION & PARKS DEPARTMENT

SWIMMING POOLS

- Acton Indoor Pool 519-853-3140
Leisure Swim 1:00-2:30 p.m.
Family Swim 2:30-4:00 p.m.

- Gellert Community Centre 905-877-4244
Leisure Swim 1:00-2:30 p.m.
Family Swim 2:30-4:00 p.m.

- Georgetown Indoor Pool 905-877-7721 will be closed

ARENAS

- Acton Arena & Community Centre 519-853-0020 will be closed.

- Georgetown Memorial Arena 905-877-9612 will be closed.

- Mold-Masters SportsPlex 905-877-8488 will be closed.

OTHER TOWN FACILITIES

- Halton Hills Cultural Centre and John Elliott Theatre 905-877-7915 will be closed.

- Acton Seniors Centre 519-853-5951 will be closed.

- Georgetown Seniors Centre 905-877-6444 will be closed.

FOR EMERGENCIES

- FIRE/POLICE/AMBULANCE: 911

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