

Powell River Living magazine
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Attn. Ms. Marija Tresoglavic, Acting Commission Secretary
RE: Parkland Corporation Request for Advance Ruling on Confidentiality for Fuel Price Transparency Act (“FPTA”) Reporting Submissions (“Proceeding”) Intervener Submission

Comments about this process

I am disappointed that no other members of the media registered as interveners. Media’s job is to seek out information and commentary, and tell the truth in the public interest. Overwhelmingly, this panel will hear from fuel suppliers who wish to keep potentially-illuminating data confidential. Only two interveners speak on behalf of the public interest: myself, and PCOAPO et al. This is not balanced.

Powell River Living magazine comes to this proceeding with an important voice – BC’s community media is vital to a functioning democracy and to public trust - but I am very conscious that other critical voices are missing. Among media, those include provincial and national newspaper, television, radio and digital reporters. They have been instrumental in raising the issue of BC’s extraordinarily high fuel prices, and local fuel prices. Overpriced fuel cuts into the very small household budgets of most citizens, and diminishes the bottom line of this province’s small businesses.

That being said, clearly the BCUC and the government that passed the FPTA are committed to acting in the public interest.

Here is my submission:

Why releasing complete, specific fuel data is in the public interest 1: To let media do its job

This month, the BC and Yukon Community Newspapers Association (BCYCNA) starts its annual awards program. Members of the BCYCNA are chain and independent newspapers serving small centres such as Fort St. James, Skidegate, Creston and Merritt – often remote places where transportation options (such as BC Transit or cycling infrastructure) are limited, and fuel suppliers are also limited.

That means that the populations served by community media depend on their vehicles more than their urban counterparts. Homes and industries are often spread out; think farms, or smelters. Driving distances is a reality for many rural folk. In addition, those in small centres depend on the honesty of their fuel suppliers more than those in urban centres, because competition is limited – not just among gas stations, but also among those who ship and store fuel.

In other words, small centres are particularly vulnerable to the effects of monopolies and anti-competitive activities among fuel suppliers.

Three mechanisms are in place to fight monopolies and anti-competitive activities, generally.

First, the BCUC and the FPTA, which we are currently discussing.

Second, the federal Competition Bureau, which has been lethargic about answering BC communities' concerns (for example, Powell River sent a petition to the Bureau's Minister, which was presented by our MP Rachel Blaney in the House of Commons, and still the Bureau has refused to start an investigation here).

Third, local media.

Of the three, local media is the only non-governmental mechanism to investigate fairness in pricing. It is the only *local* mechanism – and fuel price fairness is very much a local issue, rather than provincial or national. And yet, reporters are hobbled by the closed books of the businesses that determine prices, and ultimately, fairness.

Fuel prices vary wildly in BC. Some centres, which have already been identified by local community media and the BCUC (including by several letters of comment for this proceeding), have consistently high gas prices compared to neighbouring communities. These include Powell River and Squamish, for example. This variation cannot be explained by known price variants, such as regional fuel taxes. Rather they can only be explained by data which is currently not available to media.

At the BCYCNA awards, top prizes are given to media based on their work in the public interest: investigating, reporting and reflecting on local issues that are important to the communities in which they publish.

Fuel price fairness, a central concern of individuals and businesses in small centres, simply cannot be determined by media serving these populations. Media cannot do its job as a mechanism to counteract unfair practices, without the free flow of key local data.

Therefore, the BCUC should weigh in favour of transparency, to allow community media to do its job to ensure fuel price fairness in specific locations.

Why releasing complete, specific fuel data is in the public interest 2: Because fuel prices matter to most British Columbians

For many of you reading this submission, \$60 a month may not seem like a big deal. That's the approximate difference between paying Powell River's fuel prices and Courtenay's, in a two-car family. They're usually about 23 cents apart per litre; calculated for average fuel use, that makes the difference worth about \$60. Who cares? Well... we all should.

I recently ordered some data from Statistics Canada that show that most people in this community – and in Metro Vancouver, and across BC – live on very low or modest incomes.

Median family income before tax: income quintiles (2018):

(Divided into the top-earning 25 percent, next, next, and lowest-earning 25 percent)

British Columbia: \$123,180 • \$75,790 • \$45,660 • \$23,570

Metro Vancouver: \$128,110 • \$76,960 • \$45,230 • \$22,160

Powell River region: \$98,680 • \$61,350 • \$39,690 • \$22,940

Three quarters of Powell River families have a median income of \$61,350 or less. Half of Powell River families have a median income of \$39,690 or less.

Among those who are aged 25 to 34 – prime child-bearing years – three quarters of Powell River families have a median income of \$55,430 or less. Half of this 25-to-34 demographic lives on a median household income of \$36,950 or less. Nearly all of these families must drive a vehicle to get to work and the grocery store.

Given the skyrocketing costs of housing, food, and other goods in BC, that missing monthly after-tax \$30 in a one-car family, or \$60 in a two-car family – especially among those who bear the additional costs of raising young children - matters greatly for 75 percent of households.

Why releasing complete, specific fuel data is in the public interest 3: Public trust and democracy

Fuel price fairness matters because it is a demonstration of the power – or powerlessness – of our public, democratic institutions to mitigate poor corporate behaviour.

If the public perceives that they are the victims of monopoly or anti-competitive behaviour on the part of their fuel suppliers, and the federal Competition Bureau refuses to investigate, and the BCUC cannot complete its work due to lack of data, and community media is powerless to investigate, the public will rightly lose trust that government is acting on their behalf. Instead, they will correctly conclude that they live in a de facto corporatocracy.

It should be noted that it is also in the interest of fuel suppliers to demonstrate fairness and transparency, if the industry cares about public perception. Public perception matters in ways that should be obvious. If what citizens think doesn't matter to fuel suppliers, that infers something that the BCUC and the BC government should pay attention to.

Aggregate data is not useful data

Parkland, 7-11 and other interveners argue in this proceeding that aggregate data should suffice. It absolutely will not.

Gas prices are not the same across BC. Therefore, aggregate information won't help local media explain local gas prices.

For example, in Salmon Arm on January 11, 2021, regular unleaded was selling for 95.9 cents per litre. Whereas I will buy gas in Powell River tonight for either \$1.29.9

per litre, or \$1.39.9 per litre, depending on which station I choose. (It should be noted that those prices haven't wavered in months now.) The rack rate at the terminal and taxes are virtually the same for both Salmon Arm and Powell River – yet regular unleaded is as much as 44 cents apart per litre.

Prices vary across BC because of regional taxes, such as Metro Vancouver's Transit Tax. They vary because of "knowns" such as terminal rack rates. Most importantly, they vary because of "unknowns" – unreportables - such as ground and water shipping costs, gas station costs, and other unknowns.

It's those unknowns that community media is hoping the FPTA will help us reveal. The question I'm ultimately seeking to answer is, are Powell River gas prices fair, compared to neighbouring communities? Or, are we being gouged by one or more supplier, due to an unchecked monopoly or anti-competitive activity? And if so, which one(s)?

Provincial or even regional-level data won't help me tell my readers why gas prices are, on average, about 23 cents per litre higher than they are in neighbouring Courtenay. Ditto reporters throughout the province who have the same questions for their own communities. The answers will be different in each one.

Letters to this proceeding have come from Kitimat, Baynes Lake, Squamish, Port Alberni and Coquitlam. The reason for price variation and concerns about price fairness will be different in each of these locations.

Aggregate data will not make these specific realities explainable, and therefore fails to fulfill the intention of the FPTA.

Why journalism can't currently crack gas prices

I am the editor of *Powell River Living* (PRL) magazine. This is an independent community magazine, published monthly, and like many small media, we have a readership that is nearly 100 percent of adults in our 20,000-person region. Our content is part newspaper-like and part magazine-like, with an emphasis on deeper think-pieces and visual story-telling.

Investigative work in small centres is tough, because everyone knows everyone. Businesses, including media, all thrive on our positive relationships with each other. For example, I know about half of Powell River's gas station owners personally – one of whom is the mayor, and another are the parents of my daughter's good friend. The fuel shipper and the storage company are both advertisers in *PRL*. Reporting news in a small centre is a balancing act between seeking to tell the truth, and not annoying your advertisers so much that your publication folds.

In the summer of 2019, when I went looking for answers for why the price of gas in Powell River 1. is so much higher than in neighboring communities, and 2. didn't waver at all for six months in 2019 (\$1.59.9 at all seven local stations... and has stalled again since fall of 2020) no one would talk to me on the record. Everyone knows this is a hot issue, and no business person wanted to alienate their competitors or suppliers by speaking out. The only company to openly disclose information was our shipping company; they charge 3.5 cents per litre to barge gas from Richmond to Powell River. The sky didn't fall when I published this figure.

Given that nothing compels fuel suppliers to disclose their data – and this is true whether you’re working for *Powell River Living* or the *National Post* – reporting on gas price fairness is actually impossible. That’s why the *Fuel Prices Transparency Act* is so critical. For the first time, I’m hoping, reporters can explain whether gas prices are fair compared with neighbouring communities, or whether our readers are getting gouged through unfair practices, and by whom.

Here is a short explanation of the difficulty in finding the rationale for fuel pricing.

Media are able to easily find detailed information about fuel taxes, federal, provincial and regional. Media are also able to source the daily rack rate, which fuel companies helpfully post online.

But there is an unexplainable gap between the taxes (23.39 cents / litre here in Powell River, plus 10 cents in federal tax) plus the rack rate (76.7 cents / litre at Shell in Vancouver January 11) for a total of \$1.10.09, and the price of fuel at the pump: \$1.39.9 here in Powell River (which includes GST).

The gap is 29.81 cents per litre – or \$23.84 when I put 80 litres in my minivan.

Kent Group, the gas prices think tank, says that 8 cents per litre is the average that gas stations add, to cover costs and make a profit. But does that apply here in Powell River? Or, do our relatively low through-puts necessitate a much higher per-litre charge at the gas station level?

I don’t know, because nothing currently compels local fuel suppliers to reveal that information.

Say 8 cents is correct. Minus about 7 cents in GST and the known 3.5 cents in bargaining. How much of the remaining 11.31 cents per litre is absorbed by other transportation? By import and storage? By other services I don’t know to ask about? I don’t know. (Plus the unexplained 13 cents per litre the BCUC found in 2019.) Again, because nothing compels companies to reveal that info. That’s 24.5 cents per litre in unexplained charges here in Powell River – or \$19.60 I toss in to the universe when I fill up my minivan.

Do these amounts reasonably explain the difference in pricing between here and Courtenay, say (\$1.16.9/litre at Costco, so 23 cents per litre cheaper). Or, are we here in Powell River the victims of our isolation and unfair corporate practices?

Ultimately, I was able to find enough information to publish a series of articles about fuel pricing here. The series is ongoing. Because I could not find answers to my core questions – why are fuel prices here so much higher than in neighbouring communities, and why did they not vary between stations or across time for so long – I worked with the local MP and MLA, and local governments to host a town hall.

The price of gas here in Powell River immediately began to fall as the series of articles rolled out, and the town hall took place. First by pennies. And then significantly. There was a healthy price variation for about a year, between stations and over time. Now they have stalled again. Why?

I don’t know. I have no mechanisms as a reporter to find out.

Is it because of legitimate factors? Or is it the result of a monopoly, or anti-competitive behaviour?

Finding out is, of course, the job of the FPTA and the BCUC. To help me, and the hundreds of reporters like me in small centres across BC, protect our readers from unfair fuel pricing business practices, and / or explain the fairness behind the extreme variation in fuel pricing across BC.

Conclusion

Fuel is not like other consumer products. You can't order it from Amazon if you're unsatisfied with your local supply chain. You have to buy it locally. In most small centres, you can't simply refuse to fill up your tank, because there are no other reasonable transportation options. Therefore, consumer protection must be at the very top of the priority list for regulators.

In Canada's most remote region, Nunavut, fuel is imported, stored and distributed by the territorial government. The Petroleum Products Division's mandate is to break even, and it does so - even under extreme conditions on Baffin Island, Kivalliq and Kitikmeot - selling gas currently for \$1.09 a litre. Nunavut's PPD does not operate under a veil of secrecy; it's a public body that is transparent - and still manages to deliver fuel efficiently to remote customers.

As a journalist, I wonder at the difference between Nunavut's publicly accountable fuel supply system, and BC's corporate demand for confidentiality. Who benefits when unchecked corporations control such a crucial resource? Who pays the cost?

Surely the answer to BC's gas prices quagmire is not state control.

There is a middle ground between Nunavut's public system and BC's secretive corporate control. Transparency to the public - not just to the BCUC - is that middle ground.