

Other Commission projects...

Research:

Investigations are completed on factors specific to petroleum pricing (e.g. transportation costs).

Database:

The commission is continuously identifying and compiling information (location and sizes of marine operations, bulk storage facilities and distribution systems).

Site visitation:

Ongoing fact-finding tours throughout the province have enabled the commissioner to meet with retailers, distributors and consumers regarding petroleum pricing issues.

Ensure security of supply:

Particularly in remote areas and factors affecting pricing in these areas.

Education:

Personnel from the PPPC are available to speak at public functions upon request.

How is the Commission funded?

Effective January 2001, the PPPC moved from being a government-funded organization to receiving its funding from petroleum wholesalers in Newfoundland and Labrador.

An assessment fee per litre – remitted on a quarterly basis – has been levied on wholesalers for petroleum products. This fee is based on the volume of products sold by the wholesaler in the calendar year previous to the year in which the assessment is due.

The commissioner has the authority to adjust or vary the rate of assessment.



Newfoundland and Labrador
Petroleum Products
Pricing Commission

What everyone should know about the PETROLEUM PRODUCTS PRICING COMMISSION (PPPC)



Visit our website at: www.pppc.nf.ca

The Commission and its role in the province...

The PPPC was established in May 2001 through an act of the legislature of Newfoundland and Labrador under the leadership of Premier Roger Grimes. George Saunders was appointed the PPPC's first commissioner.

MANDATE:

- ◆ Establish and monitor maximum fuel prices;
- ◆ Enforce the Petroleum Products Act and its regulations;
- ◆ Work on behalf of all stakeholders to ensure fairness in marketing petroleum products in Newfoundland and Labrador;
- ◆ To meet, inform and educate stakeholders.

FUEL REGULATION:

- ◆ The commission establishes maximum fuel prices for all brands of gasoline, home heating fuel, diesel and propane on the 15th of each month;
- ◆ Oil companies can sell below the maximum price, but not above the price as set by the commission;
- ◆ Prices can't be changed until the following month's maximum prices are released;
- ◆ High and low world market prices are averaged on a daily basis.

There are several factors that contribute to the regulated prices of fuel in the province:

- ◆ World prices in Canadian dollar values for refined petroleum products;
- ◆ Marketing margin (a marketing component is added on top of the fuel component) for wholesale and retail. Included in this margin are:
 - Costs: transportation and distribution;
 - Capital investment and infrastructure;
 - Volume of sales throughout rural and urban centres;
 - Seasonal adjustments; and,
 - Special circumstances – isolated communities joined by ferry, communities where prices are seasonally frozen (i.e. Labrador coastal areas) and smaller population centres.

TAXATION:

- ◆ Taxation isn't part of the commission's jurisdiction, and is outside of its mandate.

The breakdown:

- Federal: the federal excise tax sees 10 cents added to every litre of gasoline sold anywhere in Canada;
- Provincial: a provincial transportation tax of 16.5 cents per litre is added to fuel in Newfoundland and Labrador;
- HST is then applied to the resulting total, which includes marketing costs.

