

House of Commons

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John Pecman
Commissioner of Competition
Competition Bureau
50 Victoria Street
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February 16 2016

RE: Gas Price Variance in Northern Ontario

Mr. Pecman,

I am writing you regarding the ongoing concern across Northeastern Ontario of the lack of fairness in gas prices. This is not the first time I have written your Bureau regarding the need to investigate pricing in the Timmins region. Unfortunately, in previous correspondence your Bureau seemed reluctant to undertake an investigation. As oil prices bottom out and fail to be reflected at the pumps, I feel it is time to once again raise the concerns I hear all the time from northern residents.

There are two issues that seem to be affecting unfairness in gas prices. The first is the issue of potential gouging by refineries and big oil. The second is the issue in gas prices at the local level which is why I am writing to your bureau.

The latest Bank of Canada report shows the record low price of oil that has rocked Canada's economy hasn't been matched by changes to prices at the pumps. We have seen oil prices drop 75 per cent over the last few years and yet the price at the pumps remains high. We know that when a price of a barrel of crude rises on international markets, the price of gas in the pumps jumps immediately. But, if the price of a barrel of crude drops on international markets, the price of gas at the pump in Northern Ontario still remains high. This clear inconsistency is why it is the view of my constituents that the premium that they pay in fuel prices cannot be from competitive market prices.

Furthermore, the regional discrepancy in price between the north and south can't simply be explained away by the cost of delivery. The retail price of gas affects every family in Northern Ontario. With limited public transportation people rely on vehicles to work, sometimes over long distances. The outrageous discrepancy between Timmins and other communities is impacting our regional competitiveness. A difference of 10 or 20 cents a litre can seriously erode the bottom line of any northern business whether tourism, transportation, forestry, agriculture or mining.

And so let's look at the issue of regional gas pricing which shows a disturbing lack of competition. The price of gas at the pumps on January 21, 2016 was used as a snapshot of the inconsistencies in the

NEOMA (North Eastern Ontario Municipalities Association) region compared to the rest of the province.

Highway 11 corridor and Timmins in northeastern Ontario:

Timmins	101.6
Kapuskasing	104.7
Hearst	102.9
New Liskeard	101.9
Cochrane	102.9

Rest of province:

Sault Ste. Marie	97.9
Kenora	93.9
Parry Sound	92.9
North Bay	90.7
Sudbury	89.9
Kingston	91.9
Cornwall	83.9
Barrie	83.4
Toronto	82.9
Windsor	82.9
London	81.9
Thunder Bay	77.9
Ottawa	76.9

I ask you to investigate whether or not there may be issues with the regional pricing of gas. Under the Competition act, price fixing and anti-competitive activities are illegal including agreeing to set common prices that will lessen or prevent competition in a serious way, trying to influence another retailer's price by agreement, threat or promise or persuading wholesalers to cut off gasoline supplies to discount retailers because they offer a lower price.


Under Section 45 of the Competition Act- Conspiracies, agreements, or arrangements between competitors: "every person commits an offence who, with a competitor of that person with respect to a product, conspires, agrees or arranges

- (a) To fix, maintain, increase, or control the price for the supply of the product;
- (b) To allocate sales, territories, customers or markets for the production or supply of the product or
- (c) To fix, maintain, control, prevent, lessen or eliminate the production or supply of the product

It is important that we bring transparency and accountability to gas prices, so, that my constituents can have confidence in the industry and to ensure that our region is operating under fair market prices. Thank

you in advance for your time and consideration in this matter. I look forward to receiving a response from your office at the nearest possible date.

Sincerely,

A handwritten signature in black ink that reads "C Angus". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Charlie Angus
MP Timmins-James Bay