



RETAIL GASOLINE
DEALERS ASSOCIATION

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DRIVING A BRIGHTER FUTURE

ANNUAL
REPORT
2022



Executive Summary

Retail gasoline dealers have had a rough time since the start of the COVID-19 pandemic outbreak in early 2020. A dramatic decline in the price of gasoline coupled with an equally dramatic decline in volume sold had severely reduced their revenue streams.

Things were starting to return to normal throughout 2021, but in January 2022 the price of oil was starting to increase and when Russia invaded Ukraine the price of oil quickly exceeded \$100 a barrel and the price of gasoline at the pumps jumped to over \$2.00. This has had a devastating impact on dealers. Their revenue per liter is a fixed amount and not a percentage of the sales price, so there is no benefit to dealers as prices skyrocket, in fact, the opposite is the case unfortunately. Dealers must invest more up front when they purchase gasoline, so additional money is tied up in inventory. But the credit card fees on the greatly elevated sales price is slashing margins. There is no offset to this increased cost.

The current state for gasoline resellers is terrible. Margins have declined not only due to the increases in credit card fees and escalating cost of labour but insurance costs have been dramatically increasing as well. It has been ruinous for some and they have closed up their business.

The RGDA have been working on our 2022-2025 Strategic Business Plan deliverables, while navigating the response from Government and Industry crisis

Our Vision

Retail Gasoline Dealers in Nova Scotia have financial sustainability regardless of size or location

2022-2025 Strategic Business Plan



Our Mission

To be the advocate and hub for information for the Independent Retail Gasoline Dealers in Nova Scotia



2022-2025 Strategic Business Plan Deliverables Update

Strategy 1

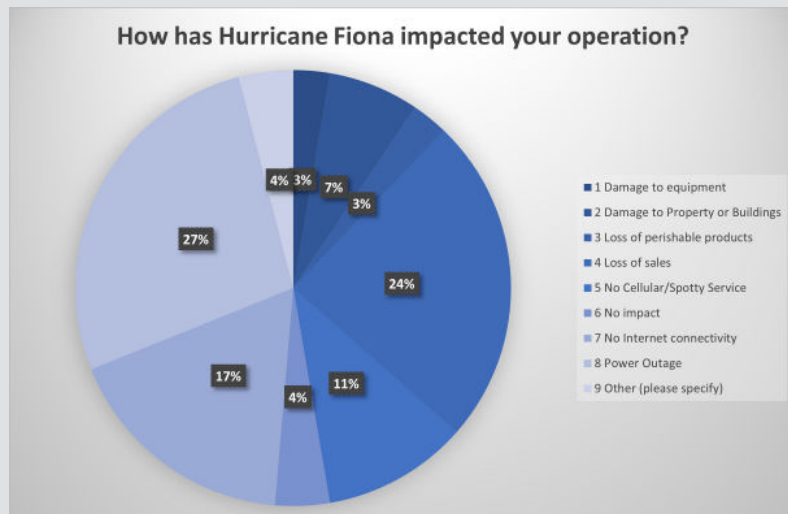
MEMBER ENGAGEMENT

Deliverables for March 31, 2023 were to:

Compile 100% accurate database. While we acknowledge that this target is subjective with openings and closures, our dedicated staff have partnered with Service Nova Scotia and followed up by phone in most cases with retailers across the province. We are confident that our database is 99% accurate, but continue to research new stations and update our records as closures occur.

We conducted 4 labour market information campaigns over the course of the year determining things like ownership status of stations and the impacts of hurricane Fiona.

We are also sending out feedback surveys, to determine things like whether the credit card surcharge will be collected by retailers, which the majority of retailers felt they could not to remain competitively priced to their competition.



For the RGDA to remain the voice of Industry, we must be equipped with the members' feedback and numbers to support our cause. To negotiate on behalf of members with government, to advocate for a raise in margin and changing pricing index formulas, retailers must be willing to share their struggles for the common good.

Thank you to all retailers who participated in the letter-writing campaign to Municipal Elected Officials across the province. Your participation connected 27 times, educating our politicians on the struggles facing Industry, why the numbers don't work and what is at stake.

Our goal by March 2023 is to visit 20 retailers in the province. Hurricane Fiona prevented our travels to Cape



Breton and Antigonish in September but December looks promising.

Our plan to increase benefits to retailers requires feedback. Please respond to the RGDA Member Benefits Survey currently circulating.

Training opportunities for the sector are increasing. A demonstration of free Marketplace Skills Online training is planned for the Annual General Board meeting in December, and Executive Director Shannon Trites is working towards Succession Planning training becoming available after the holiday season.

Both training and networking opportunities are being considered in the RGDA Member Benefits Survey, if you have not received your email, please reach out, we will resend it.

We have received information requests from 7 Industry members this year from across the province, just shy of our goal of 10 by March 2023. Retailers shared their struggles and offered feedback on current initiatives, further strengthening their connection to our Association.

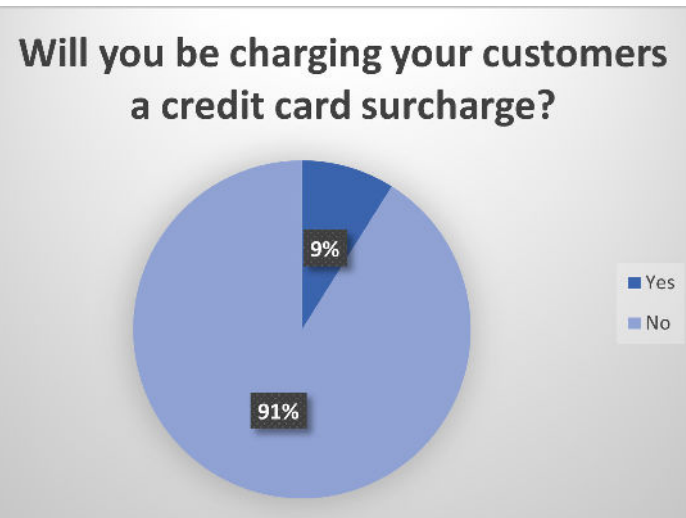
Strategy 2

ADVOCACY

The fourth meeting with Service Nova Scotia staff this year is planned for December 2022, meeting our goal of 4 meetings in the fiscal year. The purpose of these meetings is to build meaningful relationships with partners who have a vested interest in the provisioning of the essential service of gasoline retail sales in rural Nova Scotia. RGDA staff met with Wanda Harrie, Audit & Enforcement at Service Nova Scotia & Internal Services, Pernille Jakobsen, Director of Legislation and Policy at Service Nova Scotia & Internal Services, Dean Johnston, Strategic Advisor at Service NS, Aidan Hayes, Analyst at Service NS and Brent Baxter, Senior Science Advisor, NS Department of Environment. As we collaboratively update our records and remind them of the specific pain points retailers are experiencing, how the systems are broken, we hope to expand the attendance at these meetings to include other government departments and partner agencies.

Our RGDA website resource publications have exceeded our goals this year. Postings include URB Price Adjustment Correspondence, RGDA Presentation on State of the Industry, Credit Card Survey, RGDA meets with the former Premier, MLA Letter-writing campaign and a general RGDA Activity Update. The plan is to double those postings by next fiscal. Please check our website, rgda.ca under RGDA news.

Through the course of building media relations (a goal for 2022), staff have worked with Saltwire and Bell Media on filming, commercial production and articles being published across the province for the general automotive industry. The goal for 2024 is to build a brand for the RGDA to produce such material.



Industry engagement in our marketing has been exceptional. The average open rate for our Association is 50%, reinforcing how closely we are connected to our retailers and their engagement in our activities.

Currently RGDA is concluding their research on the impacts Electric Vehicles will be making on our Industry, scheduled to be published shortly. RGDA partnered with Dalhousie University, through a MITAC grant program, to study the Electric Vehicles (EVs) Impact on Labour Market and Independent Retail Gasoline Dealers and Auto Service & Repair Industry

MITAC RESEARCH GRANT

General Objective

Analyze the impact to the Automotive Sector by anticipating the speed and market share at which Electric Vehicles (EVs) adoption will increase in Nova Scotia and the proportional market share comparable to internal combustion based engines.

Sub-objective 1

Determine the effects EVs will have on the Nova Scotia Automobile service industry such as the requirements, cost and availability of training to service EVs.

Sub-objective 2

Determine the long-term and short-term impacts EVs will have on independent retail gasoline dealers in Nova Scotia and the effects on their operations and subsequent need for infrastructure adaptations and cost. Determine key statistics to identify and isolate key indicators of developments affecting independent retail gasoline dealers of Nova Scotia.

Sub-objective 3

Investigate the impact of Covid-19 on supply chain and consumer behavior on the adoption of EVs in comparison to internal combustion engine vehicles.

Testimonials from partners on our work this year

“Thanks again for all the work you did to answer our outstanding questions about which retailers are active, it’s been a big help”

Service NS Analyst Aidan Hayes



On the EV roundtables contributing to the MITAC research grant work

“Having so many varying stakeholders that are effected by the EV wave, sharing their requirements and strategies, was key to getting the curriculum going. It was a very open discussion that I thought it was very productive.”

Craig Quaintance, Territory Manager, NAPA Auto Parts

Strategy 3

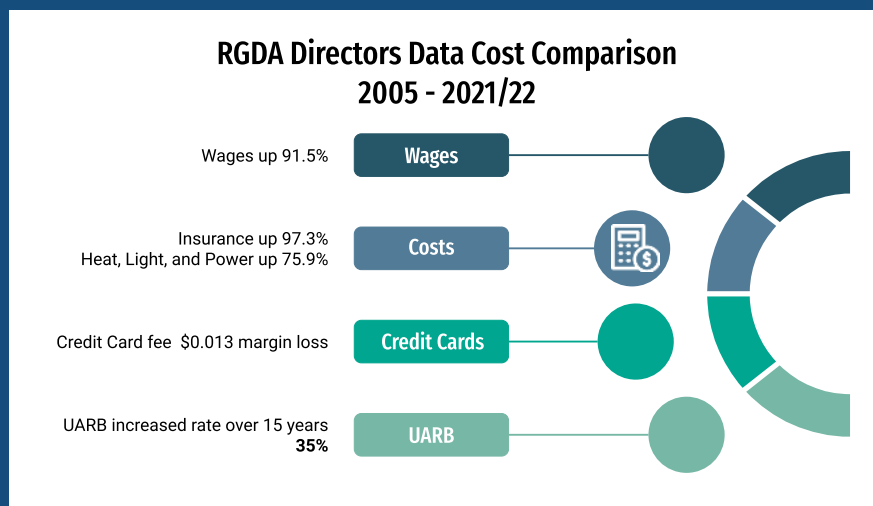
GOVERNANCE

Educational opportunities for our Board of Directors are currently being planned. By March 2023, the Board will meet with a facilitator to learn about governance, review bylaws and policies and create a timeline for implementing new policies. Performance review of the Executive Director will also occur.

An Annual General meeting with membership is to be held every 12 months. A standardized reporting package is being developed with an update on Strategic Plan action items (such as this one). Board members will quarterly receive a status update, financials, and the latest gasoline pricing information RGDA tracks surrounding the effectiveness of price regulation in Nova Scotia. This information is also circulated to government.

The RGDA has diversified its financial accountability practices, working with both a bookkeeper, Shellnut Accounting, on the monthly statements, and another oversight accounting firm, Fraser & Crewe, who prepare the annual financial statements.

Three new RGDA Board members are being sought by March 2023. Currently, the Board has representation primarily in the HRM area, longtime serving members Hilda & Ricky Cormier have retired this year as our representatives from Cheticamp, Cape Breton.





Strategy 4

GASOLINE MARK-UP INCREASES

A margin increase request of minimum 3, maximum 5 cents is to be submitted to the NS Utility and Review Board by an Independent Gasoline Retailer, with support from the Retail Gasoline Dealers Association, in 2023.

This year, the RGDA wrote to the Nova Scotia Utility and Review Board on various topics. We expressed our concern that the Board's premium unleaded benchmark price setting process does not appear to reflect actual New York Harbor pricing. We requested an immediate margin increase of 5 cents, citing credit card fees, wages and rising insurance costs as factors exponentially reducing profits. Copies of these letters can be found on our website, rgda.ca.

We wrote informative campaigns to Service Nova Scotia, the NS Utility & Review Board, the ministers of Health & Wellness and Public Works, to municipal officials and the Premier on just how retailers are compensated, how when prices go up, profits went down, and why the system is broken. Presentations were made by Executive Director Shannon Trites and consultant Andy Cutten to visually represent what these numbers really mean to the retailer's bottom line, and why retailers are so integral to our Province and especially our rural communities.

In reaction to our letter-writing campaigns and presentations, the NS Utility & Review Board (NSURB) engaged Gardner Pinfold to evaluate the current challenges to Retailers. That contract produced a Report from Gardner suggesting a formula for Retailers to charge back credit card fees to customers. RGDA enlisted David Knight to support a response to credit card fee chargebacks.

The NSURB acknowledge frustration by the RGDA with the current review process but was resolute that we apply again for a margin increase if Retailers were in need. Retailers will be asked in the coming months to please participate and provide financial evidence that a margin is desperately needed. Poor participation in data provided in the past has negated our application and resulted in lost time, money for the Association and less than a one percent increase for Retailers.

The response from NSURB is posted to our website, rgda.ca.



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