MEDIA RELEASE

Tuesday, January 1, 2008

HST reduction applied to maximum gasoline, diesel prices

Effective 12:01 a.m. Tuesday, January 1, 2008, the Public Utilities Board, through its Petroleum Pricing Office, will lower the maximum prices of all types of gasoline and ultra low sulphur diesel to reflect the federal government's recent decision to decrease the Goods and Services Tax (GST) from six to five per cent.

Newfoundland and Labrador (NL) subscribes to the Harmonized Sales Tax (HST), as do Nova Scotia and New Brunswick, which combines the federal GST portion with the Provincial Sales Tax (PST) of eight per cent. As a result of this announcement, the HST will be lowered from 14 per cent to 13.

Maximum automotive prices only in NL are listed including the HST, a universally accepted industry practice, while the listed maximum prices for heating oil exclude the HST. Consequently, maximum gasoline and automotive diesel prices will decrease from 1.0 to 1.3 cents per litre (cpl), depending on the rounding effect in a particular pricing zone. This reduction will also be applied to NL zones where prices are currently frozen (Zone 11 – Labrador South: Lodge Bay/Cartwright; Zone 11a – Coastal Labrador South: Tanker Supplied; Zone 11b – Coastal Labrador South: Drum Delivery; and, Zone 14 – Coastal Labrador North).

The new maximum prices are calculated based on removing the 14 per cent HST calculation and then reapplying the new HST amount of 13 per cent. Please refer to the pricing table related to this announcement to see how these changes apply to your respective pricing zone.

For more information regarding the HST reduction, please visit the Canada Revenue Agency's website via the following link: http://www.cra-arc.gc.ca/E/pub/gi/notice226/notice226-e.html

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