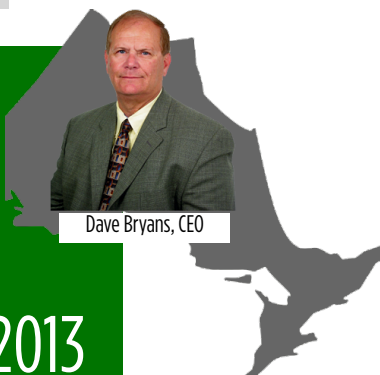


# CONVENIENCE CONNECT

MARCH, 2013



## OCSA encourages member involvement on issues in 2013



Dave Bryans, CEO

## OCSA delivers TWO major presentations to government addressing important issues facing the C-store industry in Ontario.

Dave Bryans spoke to OCSA members at both the Race is ON gala dinner at Woodbine and at The Convenience U CARWACS Show in Toronto in March. "We are at a crossroads in our industry", he said in promoting member involvement and participation in various key issues. "You are either stopped or moving".

OCSA in conjunction with members of the Canadian Convenience Store Association is today the single largest small business lobbying group in Canada. He continued that together we are getting our collective voice heard. Last year in the fight against contraband tobacco alone (which is costing our members \$200-million in profit each year) we engaged our members and made presentations to municipalities. We succeeded in getting over 50 of them to vote 'Yes' to get more stringent contraband policies.

But there's more! Our members interact with 2.7-million people every day. We listen and constantly take the pulse of our customers - a fact that politicians are now realizing! OCSA is engaging our members to join together and fight for our industry's best interests. We know regulators and even manufacturers squeezing margins can overwhelm our abilities to run profitable business - unless we stand up. Alone that can be a tough battle - but a collective industry group can win!

We have to defend and obtain our rights to sell beer, wine, tobacco, salty and sugar products. We are responsible community retailers.

In these tough economic times we will succeed through our perseverance. And with 2013 looking like being an election year in Ontario, we can and will together make a huge difference.

The Ontario Convenience Stores Association membership comprises 7,500 convenience stores in Ontario, employing 75,000 individuals. The convenience store industry contributes an economic footprint of \$5.5 billion annually to the province. Over 2.7 million people visit convenience stores in urban and rural communities across Ontario every day.

OCSA members are responsible community retailers. Convenience stores sell more age restricted products than any other retailer, and do a better job of checking for age than any other retailer. OCSA represents convenience stores throughout the province that are committed to Responsible Community Retailing.

Presentations were made in March to members of Committee that included various MPP's from all parties, the Minister of Labour and staff from the Premier's office.

### Bill 12, Jayesh's Law (Worker Safety at Service Stations), 2013

concerns the ongoing challenge of Gasoline Drive-Offs which for operators of C-stores and gas bars is a critical issue. They work on small and declining margins and theft is a major concern.

Some OCSA members have opted for the pre-pay solution but there is concern that a one-size-fits-all solution will be ineffective.

Mandating pre-pay will have an unnecessary punitive effect on small, family run businesses who are predominately in rural communities.

The costs of setting up pump modifications alone is enough to close many operators. And data from British Columbia (which has enacted pre-pay) shows that secondary sales - the life-blood for C-stores - dropped by 15-20% after pre-pay started.

**OCSA does not support mandatory pre-pay for fuel sales in the province** because it is an extreme reaction that does not consider the impact on small businesses.

There is no question that employee safety is always of the utmost importance and priority. OCSA members have always advocated for greater police involvement in Gas-and-Dash theft incidents - and never endorse any store clerk interference in Gas-and-Dash incidents.

OCSA advocates continual education regarding Labour Laws that protect gas station workers, staff training and increased Labour inspections with improved dialogue and response from police services.

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### Committee of Finance and Economic Affairs (pre budget presentation).

OCSA delivered a major presentation to Queens Park highlighting 4 key recommendations under 3 main categories:

- Beer & Wine - Beverage Alcohol - review LCBO "Agency Store" model with a view to enhance the program and providing contracts.
- Contraband Tobacco - Act on commitments made in the 2012 Budget. Maintain current tobacco tax rate.
- Age-verification program. Support for our industry's "We Expect ID" program.

*Continued.../2*



## Free Our Beer 2013 petition campaign now ramps up.

### Goal to obtain 1-million signatures is going to have an amazing impact at Queens Park.

The Board of OCSA has authorized our 2013 Free Our Beer campaign to promote the sale of beer and wine in Ontario C-stores.

Last Fall our initial petition ended up with 112,500 signatures in support. Now we have set an audacious but attainable goal with a follow-up campaign. The aim is to deliver 1-million signatures to Queen's Park. How? We are going to get 2,000 C-stores involved across the province with a goal of getting at least 500 signatures each over a 6-week campaign!

We have produced over 2,000 promotional kits for retailers who are interested in selling beer and wine in their stores. The petitions are free and downloadable off our website.

These kits were launched at The Convenience U CARWACS Show and we met with great support!

The key is to get all our members involved and deliver the largest petition ever raised in Canada. We need everyone's involvement and support to do this and are very confident that we can do it!



The petition presented at Queens Park started from the tiny hamlet of Vanessa, Ontario as a true entrepreneurial initiative by Joanne McMurchy, proprietor of the Vanessa General Store. Joanne was at the OCSA booth this year at The Convenience U CARWACS Show helping get more support for this new initiative.

## C-Stores are best at checking ID

Convenience stores sell more age-restricted products than any other retailer. With that job comes an important responsibility - one we take very seriously.

No one wants to sell an age-restricted product to a minor. It's not right and we train our people and have systems in place to prevent it from happening.

Our dedication to ID checks has produced strong results. In fact, Ontario's convenience stores are best at checking for age - better than the LCBO and The Beer Store.

In independent testing using underage secret shoppers (age 15-18) by Statopex Field Marketing (statopex.com), convenience stores scored the best age-check pass rate with an 87.3 per cent success rate, The Beer Store was next with 80.7 per cent and LCBO last with 74.6 per cent - meaning one in four minors successfully purchased age-restricted products from LCBO, and one in five from The Beer Store - compared to one in eight for convenience stores.

Convenience stores are also regularly mystery-shopped by local Boards of Health and scrutinized by the Alcohol and Gaming Commission of Ontario - the LCBO and Beer Store are subject to neither.

Is there more work to do to eliminate errors in selling to minors? Yes, absolutely. We're working on improving each day. But when we're looking at how well convenience stores do, it's important to compare them to the other organizations in Ontario that have a similar responsibility. The facts are that convenience stores are setting the standard when it comes to checking for age.



## OCSA delivers major presentations to government addressing important issues facing the C-store industry in Ontario.

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### These are the highlights of our presentation:

#### BEVERAGE ALCOHOL

The OCSA has long been advocating for a modernization of Ontario's 85 year old alcohol retail system with the objective of offsetting declining revenues for OCSA members.

Allowing sale of alcohol at C-stores would lead to higher employment (estimated 150,000 private sector jobs), and a dramatic increase to our sector's \$5.5B economic footprint. Other jurisdictions with this model have not experienced either a negative impact to their economy nor to the health and safety of their citizens.

We know that people want their local C-store to be able to sell beverage alcohol products, proven by OCSA field studies (Ipsos, Statopex) that revealed that C-stores did a better job of testing for age than the LCBO and the Beer Store.

In July 2012, the OCSA released a petition with 112,500 signatures in support - the largest petition in Ontario's history and public support for change is at an all time high.

#### CONTRABAND TOBACCO

This is an increasing problem threatening Ontario's Youth, Provincial tax revenues and Ontario's C-store sector.

OCSA members - who offer legal tobacco products - are suffering and many still rely on this "destination category" product.

OCSA attributes 2-3 store closures a day to the problem of contraband. 60-80% of C-store revenues are directly and indirectly attributed to tobacco sales.

While this is a "sunset" consumer category, small business owners are still reliant on this revenue for now. It is worth noting that the Auditor General of Ontario in 2007 estimated yearly tax revenue loss at \$500M per year from contraband!

OCSA recommended acting on the commitments made in Ontario's 2012 Budget on contraband tobacco: Enhancing law enforcement resources; Increase fines and penalties for criminals; Strengthening the registration system for retailers.

#### AGE VERIFICATION PROGRAM

Age verification training programs for C-store workers are very important to public health. These programs also help small business store owners avoid punitive fines

C-stores are on the front lines for distributing age-restricted products (tobacco, lottery, etc.). Approximately 2.7M people visit a convenience store per day in Ontario - many of these are youth.

In 2007, the OCSA launched the most comprehensive training program for age verification in Canada - "We Expect I.D." - administered by the OCSA and included training materials in all formats and in three languages (English, French, Korean). Due to financial realities, OCSA had to cancel the program for its members in 2012.

Store owners are now worried that infractions and resulting prohibitions on their stores will go up. Youth are increasingly at risk.

OCSA has tabled a funding proposal with the Ministry of Health (Health Promotion) to continue the "We Expect I.D." program.

The cost of the investment could be paid for out of Smoke Free Ontario's Budget Allocation for Smoking Cessation Programs (\$39M last year). This cost would be offset by revenue from contraband tobacco initiatives (\$375M over next 3 years).

## OCSA applauds Federal Government action on Contraband Tobacco



The Ontario Convenience Stores Association (OCSA) applauded the March 5, 2013 announcement by the Harper government to introduce greater enforcement and penalties for those trafficking contraband tobacco.

"On behalf of the OCSA and alongside the Canadian Convenience Stores Association, I would like to congratulate the federal government for announcing its contraband tobacco initiatives yesterday," said CEO Dave Bryans.

"Contraband tobacco is a major issue for our 7,500 members across Ontario, with significant consequences on community safety. The additional RCMP officers, coupled with the increased penalties will hopefully have a significant impact in deterring contraband tobacco traffickers, who threaten the safety of Ontarians", said Bryans.

Working with its retailers, the OCSA is conducting a Communities Against Contraband Tobacco campaign, which asks municipal councils to support a motion encouraging further action on contraband tobacco. To date, over 43% of Ontarians are represented by municipalities that have passed motions encouraging the Ontario Minister of Finance to follow through on 2012 budget commitments, which would see increased power for law enforcement in Ontario to deal with contraband offenses.

"We are hopeful this renewed commitment will encourage dialogue between the federal and provincial government on ways to eliminate contraband, and that the province will follow suit in implementing its own budget commitments."

## CONVENIENCEU - TORONTO March 5 & 6, 2013



OCSA had a great time at The ConvenienceU CARWACS show at the International Centre in Toronto. The show was very busy - as was our booth throughout the show.

We delivered two exceptional free seminars there which were very well attended.

The **Robbery Prevention and Employee Safety seminar** was produced by representatives from Crime Stoppers and the Toronto Police Services. They outlined how to prevent robberies and employee theft, as well as sharing strategies to enhance the safety of your stores. They answered many retailers' concerns about crime in their communities.

The **Free Our Beer seminar** was a great chance for retailers to learn how to communicate to the public, government and local media about the ongoing demand from our customers to have more access to beer/ wine in the C-store channel.



## Ontario Adopts Federal Tobacco Stamp

Effective April 1, 2013, and subject to a transition period, Ontario will adopt the federal tobacco stamping system for marking packages of cigarettes and packages of fine cut tobacco that are sold in Ontario, as announced in the 2012 Ontario Budget. The Ontario-adapted federal stamp will replace the yellow tear tape on cigarette packages.

The Ontario-adapted federal stamp will have the letters "ON" and a yellow background colour. Shown is a sample of the Ontario-adapted federal stamp and the available denominations:



Cigarette Packages: 20/25 cigarettes

Fine Cut Tobacco Packages: 50, 100, 150, 200, 250, 450 grams

The new stamp will apply to packages of cigarettes and packages of fine cut tobacco that are sold to consumers required to pay the Ontario tobacco tax. Cigarettes and fine cut tobacco sold tax-exempt (for example, to First Nations individuals on reserves or to diplomats), will not require the Ontario-adapted federal stamp.

### Important Transition Dates

There will be a three-month transition period up to July 1, 2013 to help ensure that industry has time to move to the use of the Ontario-adapted federal stamp for marking packages of cigarettes and packages of fine cut tobacco. During this period, manufacturers and importers must mark packages of cigarettes and packages of fine cut tobacco with the current marking system (yellow tear tape for cigarettes, no Ontario-specific mark for fine cut tobacco).

Starting July 1, 2013, all manufacturers and importers must mark packages of cigarettes and packages fine cut tobacco with an Ontario-adapted federal stamp.

Starting January 1, 2014, all packages of cigarettes and packages of fine cut tobacco sold to consumers required to pay tobacco tax in Ontario must be marked with the Ontario-adapted federal stamp.

## cstorelife magazine

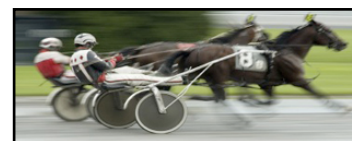
Is the Official publication of the Canadian Convenience Stores Association distributed nationwide.  
[www.cstorelife.com](http://www.cstorelife.com)



## The Race is ON

OCSA hosted our annual gala networking event to open Convenience week in Canada - The Race Is ON - at the Woodbine Entertainment facility in Toronto. This was the 10th year for this great event which sold out again. Thank you to all who attended.

Dave Bryans, OCSA CEO took the opportunity to welcome everyone and outline the key issues and opportunities that OCSA faces this year. We then had a great keynote speaker, Peter Shurman, Progressive Conservative MPP for Thornhill, a strong supporter of the C-store industry.







# ID25 & MINORS



**It is against the law** for retailers to sell or redeem lottery to persons under 18 years of age. Breaking the law can result in criminal charges, significant fines, and termination of the right to sell lottery products.

To help retailers and their employees stay within the law, ID25 was adopted, and later became an OLG Retailer Policy in 2008. If someone attempting to purchase or redeem lottery tickets appears to be under 25 years of age, retailers must ask for government-issued photo ID. The ID25 step was already used by many lottery retailers to manage the sale of other age-controlled products.

ID25 has been reinforced by OLG through a variety of communications, including our training module, AGE CONTROL, It's the Law!

## Sell Responsibly! – Help is Available

OLG has provided the following tools for retailers to help you confirm a young customer's age:

### Ontario Driver's Licence —

If lottery customers appear to be under 25 years of age, ask to swipe their Ontario Driver's Licence through the lottery terminal to verify their age. This function can also help you manage the sale of other age-controlled products. Note: only Ontario Driver's Licences with a magnetic stripe are compatible.

**We Expect ID Button** – Based on the current date, the terminal displays the minimum date of birth to purchase lottery, and also works for age 19 restricted products. This can be used to assist you in manually reviewing any type of government photo ID.

**Training Module – AGE CONTROL, It's the Law!** – provided to all retailers, for support in responding to customers, and to help you train new staff.

## \$200 MILLIONS SUPREME

It's our most exciting INSTANT ticket YET - \$200 MILLIONS SUPREME

\$200 MILLIONS SUPREME is a new \$20 national INSTANT ticket that offers \$200 million in prizes and 12 top prizes of \$2 million dollars – making this the largest amount of prizes AND one of the biggest top prizes ever offered on an INSTANT ticket in Canada!

### Prizing includes:

- 12 top prizes of \$2 million
- 20 prizes of \$200,000
- 20 prizes of \$20,000
- 3 million prizes from \$40 to \$500
- Cash prizes range from \$20 to \$2 million dollars.

**Overall odds of winning - 1 in 3**  
**Prize Payout – 69.8%**

— Launching April 1, 2013 —



Prizes are randomly distributed across Canada. At time of purchase, some of the prizes offered may have already been claimed.