

The estimated delivery cost of .42c. for a 24-oz. loaf is an arbitrary one. Some cost accountants would state it was high. Bread is bulky but light and it is easily handled. The actual cost would depend to some extent on the weight of the loaf and the size of the vehicle and cannot be accurately determined. After hearing Tea Company officials discuss the figure of .42c., I am inclined to think it is high but I have not heard sufficient reason to warrant a lower figure. I am informed that the weight of the cartons is negligible and is not taken into consideration in the delivery cost.

Pages 689 and 709.

The evidence on pages 689 and 709 as to the relationship between the ingredient cost and the manufactured cost of a loaf of bread is rather confusing. Mr. Fleming's question at the top of page 689 is: "Well, it looks as though the *advance* in price of your flour has something at least to do with the increase in your percentage of gross margin to selling price between December 1 and February 14?" Mr. Fleming obviously means the *decrease in the price* of flour.

From the figures given by Mr. Burdon on page 689, the cost of a barrel of flour decreased in the period December 8, 1947 to February 5, 1948 from \$7.45 to \$6.95 per barrel, a net of .50c. A 10c. reduction on a barrel of flour reduces the cost of a 24-oz. loaf by approximately one-twentieth of one cent. The decrease of 50c. per barrel would therefore cause a reduction on a 24-oz. loaf of one quarter of one cent.

The cost of a loaf of bread decreased from 9c to 8.7c in the period December 1, 1947, to February 14, 1948. Part of this, to the extent of .25c was due to a decrease in the cost of flour and the balance to increased production.

The gross profit on cakes and sweet goods is 15.78 per cent. The lowest gross profit on a cake item in Toronto is 9.52 per cent; in Montreal, 7.6 per cent. The highest gross profit on a cake item in Toronto is 24.57 per cent; in Montreal, 25.43 per cent. In each case, these profits are based on billing costs. These are platform costs and do not take into consideration delivery costs which are estimated to be the same as bread, namely .28c per 1 lb.

The total number of all loaves shipped in the 4-week period ending January 31, 1948, was 1,113,757. The comparable figure for a similar 4-week period to decontrol for the four weeks ending August 30, 1947, was 888,535.

Page 691.

The question as to the allotment of tax charged to the baking and production of bread is answered on page 709.

Page 710.

One more store is in the 2 for 23c category, namely North Bay.

Page 716.

The Chairman suggested that as many as 1,800 loaves of white bread were sold in an Ottawa store in one day. During a recent average week of five days (all A & P stores being open only five days in the week), the average weekly sales of regular 24-oz. unsliced bread and Vita-B 24-oz. loaves for each of the Ottawa stores were 1,778 loaves, which works out at 355 loaves per day for each store.

The gross profit in dollars on all business for the 12-month period ending February 28, 1947, was \$5,318,811. I refer you to Appendix "A", which was attached to my letter to you of March 11, 1948.

The exact figure for sales for the 12-month period ending February 28, 1947, is \$38,904,582. The net rate profit on sales *before* income and excess profit taxes is shown on the margin of Schedule "A" as 1.79 per cent. This was a typographical error. The figure should be 1.77 per cent.