

submitted)—that construction and operation of a service station in Toronto demanded the investment of as high as \$50,000, dependent upon location and size of the station operated, and they gave it as their opinion that this fact and the moderate rate of profits obtained over periods of years had constituted a deterrent to those persons who might otherwise have been moved to enter upon the business and cut prices, relying upon existing conditions in 1924 and future possible abnormal markets for their support and profit.

Jobbers with smaller ranges of business and operating in and around Toronto were also examined and they claimed that the expenses attendant upon their business had been such that they had been only too glad to follow the prices set and accept the margins given; they contended that even with such margins it had been difficult for them to operate and they complained that the volumes of business which they were able to do, and their markets, were largely restricted by the character of the agreements entered into by many curb pump owners in Toronto with the larger dealers. Statements and evidence submitted by such witnesses showed that in several instances their businesses had not produced adequate profits, but that many of them had sustained losses over the periods of their operations.

Distributors who conducted tank wagon and retail businesses in and around Toronto also testified and certain of them stated that they had endeavoured to increase their trade by selling at reduced wholesale and retail prices within Toronto, and, in 1924—their evidence was that they had met with little or no success by so doing and they voiced it as their opinion that this was largely due to the fact that the public of Toronto is suspicious of gasolines sold at reduced prices when offered by any other than well-known dealers and that it will not readily purchase the same.

As opposed to this latter evidence, testimony was given by the owner of an important service station located in one of the larger centres outside of Toronto that he had examined conditions in Toronto and was satisfied that if a proper location could be obtained with railway trackage available he could establish and conduct a retail business and earn substantial returns by selling at reduced price. He stated, however, that the time had not been propitious during 1925 for so doing, for the reason that prices charged for gasolines of Ontario manufacture were so reduced—when compared with import costs of American gasolines—that little or no margin was left to importers out of which to meet the costs of doing business.

After carefully considering the above evidence and other relative facts testified to I am of the opinion that the retail price levels which obtained in Toronto and certain other points of Ontario during parts of 1924, and the lack of competition there similar to that which prevailed in Woodstock and Simcoe were attributable to the following causes:

(a) The inability on the part of wholesale dealers, with their higher burdens of expense, to sell at Woodstock and Simcoe prices without sustaining losses varying in extent according to costs met with in doing business.

(b) The adoption of a common policy on the part of importers, wholesale dealers and distributors to follow prices set by the Imperial Oil Company, Limited, for gasolines manufactured by that Company in Canada.

(c) The inability of retail dealers and independent curb pump operators taking their supply from tank wagon deliveries in Toronto to reduce prices, having regard to the reduced margin of profits obtained by them.

(d) The measure of control exercised by refiners, wholesale dealers and importers over retail distribution in Toronto through the medium of service stations owned or operated by them and curb pumps under sale or rental agreements with them.