

- (a) The adoption by refiners and importers of the policy of following prices of the Imperial Oil Company, Limited;
- (b) Operation of service stations by refiners and wholesale dealers, and
- (c) The measure of control maintained by refiners and wholesale dealers over curb pumps under sale and rental agreements.

The ability of refiners and importers to render the competition of American gasolines partially ineffective, in so far as regulation of Ontario prices is concerned, makes it clear that they are able to exercise a large measure of control over the wholesale and retail rates at which gasolines are sold in Ontario. They have not, in my opinion, however, taken any undue or improper advantage of this power, and departure by any importer with a substantial volume of business from adherence to the common policy mentioned, would immediately terminate it.

(8) Combined net earnings of the three refiners operating in Ontario averaged approximately eight per cent per annum on the combined capital employed by them in Canada over the five years between January 1, 1920, and December 31, 1924, and in no year within such period were the profits of any of such refiners excessive in amount.

(9) Profits obtained in 1924 were substantial in the case of certain importers who were able to purchase gasolines at distress prices and sell them at rates equal to those obtained by refiners on products of Canadian manufacture. The rates so charged yielded little profit, however, and in one instance losses to other wholesale dealers and importers who sold at the same prices within that period, while adjustment of the prices of the Imperial Oil Company, Limited, substantially reduced the margins obtained by all importers in the period between November 1, 1924, and July 15, 1925. Average profits obtained by importers and wholesale dealers within the period between January 1, 1920, and December 31, 1924, were—where earned—in excess of those obtained by refiners, but such profits were not excessive; losses sustained by other dealers within the period of their operations were, in certain instances, of substantial relative amount when compared with the capital employed and volume of business done.

(10) I find and report that prices charged were reasonable and fair for gasolines sold to the people of Ontario in the period between January 1, 1924, and July 15, 1925—this having regard to the extent of the profits recovered and losses sustained by refiners and wholesale dealers, and notwithstanding certain of the conditions hereinbefore set out.

(11) During certain periods of 1924 retail prices for gasolines at Toronto and other points in Ontario were considerably higher than those required to be paid at Woodstock and Simcoe, for example. Variations in such prices were, in my opinion, attributable to these conditions, namely:—

(a) Dealers in Woodstock and Simcoe possessed railway trackage and capacity facilities and were, therefore, able during 1924 to purchase gasolines in tank car quantities and at distress prices. They then retailed such gasolines through service stations operated by them as adjuncts to other businesses and in so doing disregarded expenses which ordinarily require to be recovered from gasoline sales. Conducting their service station operations upon these bases they sold gasolines throughout the year 1924 at retail prices which averaged 5.55 cents per gallon above such import and reduced costs to them.

(b) The aggregate burden of expense sustained by the refiners, wholesale dealers and retailers examined, and in connection with wholesale and retail sale of gasolines in Ontario during 1924 amounted to a minimum of six and one-half cents and a maximum of ten and one-half cents per gallon