

businesses and that such other businesses were charged with expenses which ordinarily must have been recovered from gasoline sales. Operating on such a footing, costs of handling and sale of gasolines were looked upon by the dealers mentioned as about one-half cent per gallon in one instance and two and one-half cents per gallon in the other, when they were almost entirely composed of an arbitrary allowance made to cover wages of the proprietor.

The statements above set out indicate the margins obtained by the dealers at Simcoe and Woodstock mentioned between import costs to them of gasolines bought in tank car quantities and the retail rates at which they sold the same; also the expenses of conducting their businesses, as they considered them. As opposed to this the costs met with by refiners and wholesale dealers in administration of their businesses and in respect of the delivery of gasolines in tank wagon quantities and the retail sale of gasolines in Toronto—and other points in Ontario—were as follows:

Examination of the accounts of service stations operating in Toronto shows as before stated, that but in few instances are they able to operate and pay rental on a margin of between three and one-half cents and four cents per gallon, while in the majority of cases expenses run between five cents and six cents per gallon, with even higher costs if the volume of business done is not commensurate with the capital investment. Costs of tank wagon deliveries there were sworn to at various rates from one cent to one and one-half cents per gallon, while general costs of administration, including advertising, and such tank wagon costs, were proven at between three and one-half cents and six and three-quarter cents per gallon on the total wholesale turnover of gasolines and oils in Canada. Calculation of a rate per gallon on a combined turnover of gasolines and oils is unsatisfactory, in that the money profits obtained on the sale of a gallon of oil ordinarily exceed by many times the profits recovered from the sale of a gallon of gasoline. On the other hand sales of gasolines are between twenty and thirty times as great as those of oils. As it was impossible to definitely segregate the costs of dealing with gasolines from those of dealing with oils an arbitrary method had to be employed to determine the costs per gallon of dealing in gasolines as compared with oils. After considering the quantities, profits and other conditions prevailing, I came to the opinion that a reduction of one-half cent per gallon from aggregate costs was a liberal basis to adopt to determine approximate expenses in respect of sales of gasolines. With such deduction and the fact that no one of the refiners or wholesale dealers has operated at a minimum cost in all departments, the lowest combined wholesale and retail expenses shown in 1924 were six and one-half cents per gallon of gasoline, while with other dealers and refiners they ranged as high as from eight and one-half cents to, in one instance, ten and one-half cents per gallon in the period mentioned.

The above computations show that had retail sales of gasolines in Toronto been entirely restricted during 1924 to gasolines imported and purchased at distress and reduced prices, the wholesale dealers and importers mentioned could not have sold at Woodstock and Simcoe prices without (except upon one or two occasions and in the case of certain dealers only) sustaining losses at varying rates per gallon, which would in the most extreme case have amounted to seven and one-half cents—plus the increased costs, if any, paid for gasolines of improved grade where the same were marketed. With Toronto prices two, four, six, and ten cents per gallon more than Woodstock and Simcoe rates, however, some dealers made very substantial profits on gasolines imported and sold by them in Toronto within the period; others with higher costs paid for gasolines and increased ratios of expense obtained moderate returns only, while still others, with relatively high costs of doing business, obtained either little net profits or else sustained losses.