

A statement has been compiled of:

- (a) the stated costs of the Great A. & P. Co.'s 24 ounce loaf at their bakery platforms in Toronto and Montreal (as shown in Exhibit 33, page 676 of m. of p.)
- plus,
- (b) estimates of the transportation rates (truck and express) based on rates to bread shippers generally,
- and
- (c) estimates of the value of the paper bags used by the Great A. & P. Co. as quoted to other bakers.

It is recognized that the transportation rates shown and the values of the paper bags may vary slightly from the amounts paid by the Great A. & P. Co. but it is respectfully suggested that the Special Committee on Prices might obtain the exact figures by simply asking the Great A. & P. Co. to furnish them; and at the same time ask the Great A. & P. Co. to state whether each store is supplied from their Toronto or Montreal bakery, or from both. For instance, the express rate on bread from Toronto to Peterboro is 40 cents per hundred, from Montreal to Peterboro it is \$1.70 per hundred, and yet a local baker states that the Great A. & P. Co.'s bread for Peterboro is shipped from Montreal. As a further instance of uncertainty as to transport employed, Mr. Burdon stated in his evidence (page 677, m. of p.) that the Great A. & P. Co.'s bread was shipped to all but a few northern points by truck. Mr. G. C. Morrison of Morrison-Lamothe Ltd., Ottawa, advises (in the accompanying statement marked "C") that the Great A. & P. Co. ship their bread to Ottawa by express from Montreal, C.P.R. Train No. 1 and that the express rate is 60 cents per hundred or .9 cent per loaf; that he obtained a quotation on the paper bag in which the Great A. & P. Co.'s loaf was sold in Ottawa and that quotation was .45 cent per bag in very large quantities. Thus we have the platform price of the Great A. & P. Co.'s loaf 8.7 cents—transportation .9 cent—the bag .45 cent—making a total of 10.5 cents or .5 more than the selling price, with no allowance for the operation of the store. This is typical of a number of instances quoted in the attached statements ("A" and "B" above referred to). The Great A. & P. Co.'s witnesses (page 699 m. of p.) gave a 10 per cent margin between the cost of bread at their bakery and the selling price over their store counter, as the percentage on which they operate on bread as compared with other lines; but insofar as milk is concerned the percentages are not comparable, as milk bears no additional delivery charge, whereas bread must bear the cartage from their own bakery to their stores.

Mr. Burdon (page 688 m. of p.) says in answer to a question "If it were my own business, I think I would rather have higher than 12 per cent sir". Q. "Then obviously as to the 10 per cent which prevailed on September 1st you would not consider that adequate?"—A. "I suppose that follows".

However, regardless of that opinion of their cost examiner, it was indicated in evidence (page 699 of proceedings) the gross margin of Great A. & P. Co.'s bread was 10 per cent to 13 per cent which is the difference between the Great A. & P. Co.'s 10 cent selling price and the costs shown in Ex. 33 of 9c and 8.7c respectively per loaf at the bakery platform.

On page 698 m. of p. the Great A. & P. Co.'s gross profit was quoted as 13.67 per cent and their expense rate as 11.7 per cent, which after allowance for taxes left less than 1 per cent net profit.

It seems obvious that if at so many points, as shown in the list of places above mentioned, the items of transportation and bags alone result in a loss, then bread expense must be much more than the average expense of 11.7 per cent, particularly when all the store charges, rent, heat, light, power, water, taxes, wages, etc., are taken into consideration.