

APRIL 7

Says Profit Excessive, Hearing Liquor Figures

The Ontario Liquor Control Board makes as much as 48 per cent gross profit on whiskeys imported in bulk and "cut" with distilled water and bottled by the board at its Simcoe and Wellington Street plant, Hon. A. St. Clair Gordon, board chairman, told the Public Accounts Committee of the Legislature yesterday. The committee made exhaustive inquiry into the board's business, and L. M. Frost (Prog. Con., Victoria) declared the rate of profit on the business turnover was "exorbitant and grossly in excess of what the profit should be."

Mr. Frost also objected to the fact that, after the new Federal tax of \$4 a gallon on spirits was announced,

the board had profited to this extent on some \$5,283,000 worth of spirits on hand, though Mr. Gordon explained that the full amount was not out of bond.

Mr. Gordon's explanation of the importation of whiskey in crude form and its subsequent strength reduction by addition of distilled water brought from Mr. Frost the comment: "You make a profit on the tap." Mr. Gordon explained that this was the same procedure followed by all distillers and bottlers.

Average Profits.

The board's import business was only about 20 per cent, Mr. Gordon said, and average profits were from 20 to 38½ per cent. Yet Ontario prices were cheaper, he said, than in any other Province. Admitting profit was made on the new gallonage tax, he maintained that it was part of the cost.

Mr. Gordon admitted Mr. Frost might be justified in saying high prices might encourage illicit liquor manufacture, and said it was open to question whether the board was justified in adding profit to the new tax.

The board's \$17,000,000 profit last year was criticized by Leopold Macaulay (Prog. Con., South York), who thought it might better be satisfied with less profit on expanding business and pass the benefit on to the consumer.

Mr. Gordon said he didn't think profits were out of proportion. If prices had been reduced on stock in hand when the new tax came into effect, he said, "you wouldn't have had any liquor here in 30 days." Price increase had served as a control.