

Messrs. Norton and Ellis resigned, and their places were taken by Messrs. A. Manhire and E. H. Andrews. The tribunal revised coal-prices, and it is estimated that by this revision the saving to the consumers of Christchurch amounted to £6,750. Reductions in meat-prices, boot-repair charges, and many other lines were also effected. Another branch of the tribunal's activities, where the results are more measurable and apparent, were those savings effected by agreements made between organized sections of traders and the tribunal as to the regulation of prices of particular commodities. In this connection milk-prices, meat-prices, boot-repairers' charges, chemists' supplies, coal-supplies, and other prices were dealt with. This tribunal dealt with 260 cases.

DUNEDIN PRICE-INVESTIGATION TRIBUNAL.

This tribunal consisted of Mr. J. M. Galloway (chairman) and Messrs. J. J. Clarke and S. C. Brown (members). Its work included general investigations of the prices and marketing of important commodities such as coal, milk, leather, bread, meat, fish, furniture, and iron. The Retail Coal-merchants' Association desired to increase the price of coal by 6s. per ton. The tribunal, on a recommendation of the Board's investigating accountant, agreed to an increase of only 2s. per ton, and this meant a saving to consumers in Dunedin and suburbs of £13,000 per year. The work of the tribunal brought prominently before the business community the question of costing commodities, and the importance of fixing the selling-prices so that an intelligent reason could be given for the percentage of profit obtained. The tribunal dealt with 232 cases.

CLOTHING INVESTIGATIONS.

The Department's inquiries into the manufacture and sale of clothing have covered a wide field, and an endeavour has been made to follow the goods through all stages of manufacture and distribution, in order to make a thorough analysis of the big margin between the costs of raw materials and the retail prices of the finished articles. With this end in view the financial records of the woollen-manufacturing companies were subject to careful investigation, and a separate report on the results has been issued. This report dealt with the operations of nine companies, and the main statistical data relating to these firms are summarized in the following table:—

	1914.	1918.	1919.
	£	£	£
Share capital paid in	1,171,500	1,307,722	1,373,460
Reserves	158,795	303,083	407,167
Gross capital	1,535,807	1,927,088	2,234,522
Sales	1,569,490	3,027,278	3,028,747
Gross profits	305,630	742,727	729,061
Overhead expenses	219,776	487,090	486,340
Net profits	85,854	255,637	242,721

It will be noted that there have been increases in capital investment, sales, and profits. The Department was particularly interested in the reasons for the increased profits, which had advanced since 1914 (a) in absolute amount, (b) relatively to capital employed, and (c) relatively to sales made. The question for decision was whether or not the profits taken, and inferentially the prices charged, had been unreasonably high.

The investigations showed that the net profits on sales for the industry as a whole were—in 1914, 5·5 per cent.; 1918, 6·7 per cent.; and 1919, 7·9 per cent. In other words, if the price at which the woollen companies sold their goods had been reduced in 1919 by 7·9 per cent. no profit whatever would have been earned by the "average" company. The average profits in relation to gross capital during the three years under review were—1914, 6 per cent.; 1918, 14·4 per cent.; 1919, 11·9 per cent.

Following is an extract from the report (Parliamentary Paper H.—44, 1920, page 8) discussing points in support of the reasonableness of the profits taken as between 1919 and 1914:—

"(1.) Increased output (in quantity): The fact that the mills have increased their output of goods has already been referred to, and it is only reasonable that the increase—to some extent due to increased efficiency of organization—should receive recognition in the matter of profits.

"(2.) Pre-war profits were too low, and several milling companies were at that time in financial difficulties. In 1914 the average rate of net profit on sales was 5·5 per cent., and the percentage of net profit on capital was 6 per cent. These averages in themselves must be regarded as insufficient in a manufacturing industry, and it is only the inclusion of the figures of one or two relatively successful companies which brings the averages to the figures mentioned.

"(3.) Installation of new and improved plant and machinery: The companies generally have during recent years endeavoured to increase the efficiency of their plant and machinery. In spite of war conditions this endeavour has met with some success, and a refusal to recognize this fact and to allow the companies an increased profit therefor would certainly not encourage progress in the industry.

"There are other matters which must be taken into account in regard to the movement of the rate of net profits. It must be allowed that, in sympathy with general inflation of values, the decline in the exchange value of money, and the general increase in interest-rates, investors in woollen-manufacturing companies are entitled to some increase in the net profits earned by the capital so invested. In a report which has recently been made by the Fair-profits Commission of Victoria the following appears: 'Where in an industry the more successful undertakings are making profits above the average by reason of their turnover being larger in proportion to capital, and for their overhead