

ADDED VALUE.

A reliable guide to the relative importance of an industry, from an industrial viewpoint, is gained by the examination of the "added value" created by the manufacturing operations of that industry. This "added value" is arrived at by deducting the cost of materials used in an industry from the gross value of the products which result from manufacturing operations. As "added value" is governed by the value of products in relation to cost of materials, it is clear that it must be affected by fluctuations in these items, and this fact must not be overlooked when use is made of the term.

Increases.—Coachbuilding and motor engineering, £549,134; sawmilling, £441,416; general engineering, £199,090; printing and publishing, £167,863; electric supply, £147,436; furniture, £125,753; brewing and malting, £116,968.

Decreases.—Tobacco preparing and cigarette making, £418,104; grain-milling, £50,700.

In the Appendix to this report is given a brief *résumé* of the conditions obtaining in the principal individual manufacturing industries of the Dominion during the year covered by this report.

COST OF LIVING, PRICES, AND CONTROL.

Throughout the year the Department has maintained a close check on prices, and by constant investigation it has been enabled to prevent unjustifiable increases. By this system of investigation it has been able to assist in maintaining a high level of real wages.

When it is realized that wages have been substantially increased, the forty-hour week has been introduced, and overseas prices that enter very largely into the cost of production of many of our commodities have been showing a steady rise over the whole period, the general position in New Zealand is satisfactory.

The measures of price increases over the twelve-monthly period ended April last are available from published statistics and are as follows:—

Retail Price.—The "all groups" index-number shows a rise of 7·7 per cent., but over the same period wages have increased by 15·8 per cent. and are now practically the same as were ruling in 1929. Retail prices, however, are some 10 per cent. below the 1929 level.

Wholesale Prices.—The index-number for wholesale prices shows a rise of 7·6 per cent. in locally produced commodities and 4·8 per cent. increase on imported commodities.

Export Prices.—Here there is shown an increase of 17·4 per cent. over the same period.

Farm Expenditure.—An increase of 9 per cent. is shown as having taken place in farming-costs during the calendar year 1936. Included in this figure are items such as interest, wages, rates and taxes, freight, costs of farm implements; in fact, practically all the working-expenses of the average farm are included.

The reasons for these advances may be summed up under three headings, of which the rising prices of commodities entering into world trade bringing a return of world prosperity and freer spending are of major importance.

Industrial Legislation.—Increases in wages and reduced hours of labour without reduction in the weekly rate would in the absence of counteracting factors of necessity cause an increase in costs, but only to the extent that labour enters into the production of such commodities. Of course, the raw materials of one industry may, and in fact often have, a labour content while transport and handling charges are also increased as the result of higher wages and shorter hours. Against this, of course, must be offset the increased demand and production as a result of the increased purchasing-power of the people.

Increased Cost of Imports.—Returning prosperity overseas and improvement in international trade have had the effect of raising the price of imported commodities. This is particularly noticeable in the heavy industries, where the increased volume of orders combined with the rearmament programme have forced the price of base metals to rise sharply. This has affected costs in New Zealand.

Increased return for Exports.—The improvement in prices received for our chief exports, and more particularly those entering world markets—i.e., wool—has had the effect of raising the internal prices of these products.

Control Measures.—The Prevention of Profiteering Act, which reached the statute-book on the 12th August, 1936, was designed to prevent undue rises in the cost to consumers of goods or services consequent upon the industrial legislation affecting wages and hours of work.

It is in effect a control measure to prevent the exploitation of the public, and in the administration of this Act the Department has carried out numerous investigations. Many of these inquiries have been of only minor importance, while others again have necessitated careful and complete investigation by experts into some of the major industries of the Dominion.

In all, upwards of one hundred investigations have been made covering such industries as coal-mining and distribution by retail, footwear, clothing, groceries, meat, timber—to mention but a few.

The fact that machinery is available to check any unjustifiable price rises has no doubt prevented considerably greater increases taking place.

BUREAU OF INDUSTRY.

INDUSTRIAL EFFICIENCY ACT, 1936.

One of the most important measures passed by the present Government in its first session was, undoubtedly, the Industrial Efficiency Act, which is designed to bring economic planning into the whole industrial sphere by means of the operations and work of a body especially constituted for that purpose—namely, the Bureau of Industry.