

costs. The mean increases for the mines, giving returns over the whole period 1913-18, are about the same for cost and sale price—viz., 5s. 10d. and 5s. 9d.

TABLE 75.—COMPARISON OF INCREASES IN MINING-COST AND SELLING-PRICES AT MINE, 1913-18.

Mine.	Increase in Total Mine-cost to Nearest Penny.	Increase in Average Selling-price.	Increase in Mine-cost, per Cent.	Increase in Selling-price, per Cent.	Remarks.
	s. d.	s. d.			
A .. ..	7 10	7 1	50	42	
B .. ..	3 8	3 7	29	27	
C .. ..	3 2	5 11	32	47	
D .. ..	1 1	3 4	17	23*	1916-18 only.
E† .. ..	1 2	3 8	8	30	1915-18 only.
F† .. ..	-2 3‡	2 8	-20‡	21	
G .. ..	6 11	..	64	..	
H .. ..	8 3	8 0	57.2	50	
I .. ..	2 0	5 7	16	51	
J .. ..	1 7	1 11	18	19	1914-18 only.
K .. ..	..	3 0	..	29	1915-18 only.
L .. ..	2 3	1 7	27	16	1914-18 only.
M .. ..	9 6	7 2	59	45*	1914-18 only.
N .. ..	7 6	8 3	56	60	
O .. ..	4 1	3 2	63	47	
Highest (1913-18) ..	7 10	8 3	64	60	
Lowest (1913-18) ..	-2 3‡	2 8	-20‡	21	
Mean (1913-18) ..	5 10	5 9	41.5	47	

\* Producing at a loss. † State mines. ‡ Decrease.

Table 75A summarizes the position for the coal-mining industry as a whole in regard to average selling-prices, cost of production, and profit per ton for the period 1913-18 in so far as it is represented by the data in evidence.

TABLE 75A.—AVERAGE COSTS, SELLING-PRICES, AND PROFITS PER TON FOR THE INDUSTRY AS A WHOLE, 1913-18.

	Coal from Mines giving Exact Data for each Year of the Period 1913-18.				All Coal to which Data related, 1913-18, whether from Mines over the Whole or Part of Period.			
	1913.	1918.	Increase 1913-18.	Increase per Cent. 1913-18.	1913.	1918.	Increase 1913-18.	Increase per Cent. 1913-18.
	s. d.	s. d.	s. d.		s. d.	s. d.	s. d.	
Average selling-price ..	14 3	19 5	5 2	36	14 3	17 5	3 2	22
Average cost of production ..	13 6	18 7	5 1	37	13 6	17 0	3 6	26
Average profit ..	0 9	0 10	0 1	11	0 9	0 5	0 4	44
Rate of profit per cent. of cost of production	0 5½	0 4½	..	..	0 5½	0 2½	..	..

This summary shows clearly that the mining companies have not increased their gains from the industry during the war period relatively to their costs.

The factors determining the changes in the average cost of production have been considered in Chapter II. For the causes of the increased selling-price see Chapter I, section 7 (vi), p. 23.

(ii.) THE CONTENTS OF PROFIT.

The assessment of either the true *amount* or the true *rate* of profit is not an easy matter. The rates of dividend paid to shareholders provide a rough but not exact measure if averaged over a long period. Quotations of rates for short periods only may seriously mislead, especially if the industrial enterprise in question extends, or is expected to extend, over many years. Rate of profit is the ratio of gain to capital, and not all gains are distributed to shareholders in the form of dividends, nor should the amount of capital given as the "paid-up capital" be accepted without close examination as the base on which to calculate the rate of gain.

The fund from which profits come is the excess of the sum obtained from sales over the corresponding expenses. A preliminary question, therefore, in considering whether profits are "fair and reasonable" (Order of Reference, clause 3), is whether all the essential elements of cost and income have been included in the calculations of costs and selling-prices submitted to the Board.

(a.) In one or two cases the coal business is not the only business conducted by the company in question; but it has been possible to separate the coal-mining costs and income distinctly from the other costs and income. It is only when we come to distribution that this difficulty becomes serious.

(b.) The income has been correctly ascertained, net figures being required and obtained in every case. The selling-prices have also been determined in competitive conditions, and cannot be regarded as monopoly revenue.

(c.) But, as regards costs, examination shows that the owners' analyses, taking the coal-mining industry as a whole in New Zealand, do not make sufficient provision for certain expenses that should be regarded as inseparable from the industry. If they are not allowed for, the industry cannot hope to hold its own in the long-run with other industries of the Dominion in competition for the capital necessary for its maintenance and extension. In particular, sufficient has not been allowed for depreciation on plant and buildings, and it is unquestionable that in many cases little has been done towards providing the sinking funds which are necessary in view of the fact that a coal-mine is a