to 1s. 9½d. increase ; for administration, 11¾d. decrease to 1s. 1¼d. increase ; for royalties and rents, 4½d. decrease to 3d. increase ; and for depreciation and sinking-fund charges (actually made), 1s. 2d. decrease to 8¾d. increase.

The relation of lost time to cost of production and output is discussed on pages 31–34.

(ii.) *Increase in the Cost of Distribution of Coal, 1913–14 to 1918.*

This cost has increased everywhere as regards both costs of transport and the costs of conducting wholesale and retail businesses.

Chapter III, section 1 (ii), pages 36–7, deals with changes in transport-costs since 1913. Railage has increased 21 per cent. The general increase in shipping-rates cannot be so definitely measured by a percentage, because of the unequal distribution over the various routes of the particular increases. New Zealand coastal rates advanced from 42 per cent. to 55 per cent. ; Newcastle rates by about 52 per cent., on the average. (A recent rise—March, 1919—of 3s. 6d. per ton, or over 21 per cent., on the rates from Newcastle to the chief ports has not been included in this estimate.) The increased cost of transport has been caused by rises in the prices of bunker coal, labour, stores, victualling, and the general costs of working ships. The increased cost per ton of working coal-ships in the New Zealand coastal trade between 1914 and 1918 amounted to nearly 50 per cent.

Dealers' costs have increased because siding and yard rents, the wages of carters and yardmen, the price of sacks, of horse-feed, of repairs and renewals, of gear, and general expenses have all risen, some of them very considerably ; and also to a large extent because the shortage in the supplies of coal, necessitating delivery in small lots, has greatly increased the cost of delivery per ton to the consumer. Table 70A (p. 55) shows the amount of the increase in the cost of distribution of standard household coals during the period 1913–18 at the largest centres, distinguishing between transport, wholesale, and retail increased charges. The detailed estimates of the increases are summarized in Tables 37, 39–42, 44–45, 47, 49, 51–53, 56–57, 59–62, and 66–69, and their context.

REFERENCE No. 3.—WHETHER THE PROFITS MADE IN THE PRODUCTION AND DISTRIBUTION OF COAL ARE FAIR AND REASONABLE.

(i.) *Profits in Production.* (See Chapter IV, Section 1, pp. 56–61.)

The annual average differences between the average selling-price per ton and the average cost per ton to the several mining companies over the whole period range from a loss of 1s. 11d. to a gain of 1s. 10d. (See Table 73, p. 57.) In four cases out of thirteen principal collieries there was a loss on the average ; in two cases the average profit was less than 6d. ; in two cases between 6d. and 1s. ; in four cases between 1s. and 1s. 3d. ; and in the other case 1s. 9·93d.

If the increase in the average selling-price for the industry as a whole be calculated from the available data in the same manner as the increase in the cost of production it is found that the selling-price of those mines for which data is available over the whole period 1913–18 increased, when due allowance has been made for relative outputs, by 36 per cent.—*i.e.*, from about 14s. 3d. to 19s. 5d. per ton. This figure is to be compared with that showing the increase in total cost of production— viz., 37 per cent.*

When we compare the selling-prices of all coals for which exact details were available in each year, whether from collieries working over the whole period or not, the increase in selling-price is 22 per cent. This figure, however, as in the case of cost of production, does not give a true measure of the change of the price of all coals, since the selling-prices and cost of the mines for which exact particulars were not available for 1913 were on the average lower than those of the mines providing data for that year. This figure was lower during 1914–15–16 than in 1913. In 1916–17 it rose 11 per cent. above the 1913 level, and in 1917–18 22 per cent. The selling-price of bituminous coal increased 35 per cent. (3s. 2d.) during the period, though the cost rose 40 per cent. ; that of semi-bituminous coal rose 34 per cent. (5s. 7d.), or slightly more than its cost ; that of brown coal 22 per cent. (2s. 7d.), as against a rise of 25 per cent. in cost. The increase in the price of brown coal for 1917–18 when compared with 1913–14 (a better basis of comparison in view of the incomplete data for brown-coal mines for 1913) is 30 per cent. (3s. 1d.), the corresponding increase in cost of production being 31 per cent.

If the properly weighted average selling-price be compared with the corresponding average cost of production for the mines giving returns for the years 1913–18 *the margins between cost and price are 9d. and 10d. a ton for 1913 and 1918 respectively*, or 5·6 and 4·5 per cent. of the cost of production. *A comparison of the similar margins for all mines giving data, whether over the whole period or not, shows a reduction from 9d. to 5d. a ton, the latter representing 2·2 per cent. of the average cost.*

Table 75A (p. 58) summarizes the chief facts regarding average cost of production, selling-prices, and profits per ton for the coal-mining industry as a whole, 1913–18.

The mining companies have not increased their gains from the industry during the war period relatively to their costs. It is further to be noted that in many cases certain charges are not sufficiently provided for in their costs.

Of the twelve principal coal-mining companies the highest average annual dividend for the last six years is 10 per cent. (earned by a company which for seventeen years, 1880–97, paid no dividend at all) ; the lowest average is nil. Of the twelve, two paid an average dividend of from 7½ to 10 per cent. ; two from 5 to 7½ per cent. ; four of from 2½ to 5 per cent. ; one paid below 2½ per cent. ; and three paid no dividend during the period.

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* The comparison is with the increase of 37 per cent., not that of 41 per cent. (see p. 26), since the mining companies have to pay out of their selling-prices the cost of haulage from mines to shipping-ports.