

The costs of distribution have therefore risen to such an extent compared with retail prices as to make it extremely unlikely that small dealers, as apart from merchants, make anything like a reasonable profit on coal alone. One of the largest retailers (conducting a carrying business also) assesses the increase for the period in question as follows:—

TABLE 40.

Rent	..	..	..	From £61 to £200 for practically the same land.
				s. d. s. d. s. d.
Coal	..	..	..	From 15 6 to 20 4 per ton = 4 10, or 31 per cent.
Railage	..	..	..	From 6 9 to 8 2 „ = 1 5, or 21 „
Bagging and loading	..	..	..	From 1 6 to 2 1 „ = 0 7, or 40 „
Loss on sacks	..	..	..	From 0 9 to 1 6 „ = 0 9, or 100 „
Rent and siding charges	..	..	..	From 0 6 to 0 9 „ = 0 3, or 50 „
Office expenses and bad debts	..	..	..	From 0 9 to 1 0 „ = 0 3, or 33 „
Delivery— $\frac{1}{4}$ -ton lots	..	..	..	From 9 0 to 9 4 „ = 0 4, or 4 „

Total dealers' costs have increased, therefore, according to this statement from £1 14s. 9d. to £2 3s. 2d.—i.e., 8s. 5d., or nearly 25 per cent.; while the retail price of coal has been advanced in the same period 8s. 9d. for ton lots.

Profits in distribution in Auckland are obtained by the larger dealers in the retail trade, not in the pure wholesale. In 1912 a large firm estimated the merchant's profit at 6½d. per ton: in 1918 the same firm reports a corresponding loss of 5½d.

The most favourably situated of the wholesale dealers has a large colliery which distributes a large proportion of its own coal, and it gave us an exact analysis of a full year's trading-costs and profit. The profit worked out at 1s. 1d. per ton, or about 7 per cent. of the expenses. But the company had no bad debts; its overhead expenses were small, due to the fact of the distribution being organically linked up with the mining; it had been very fortunate in its buying of sacks in the past; and it made no provision for depreciation of its distributing plant. On the other hand, its income-tax was particularly heavy, through the fact of the distribution revenue being treated by the Tax Commissioner as part of the colliery revenue. If allowance be made for sacks at current prices the rate of profit falls to about 4 per cent.

A few notes are called for regarding some of the items of distribution in the foregoing tables:—

Coal: The selling-price of house coal at the mine increased 34½ per cent. between 1913 and September, 1918; the selling-price in Auckland by 26 per cent. Distribution-costs have risen, but not so rapidly nor so high as mining-costs, and the distributors have been obliged to carry increased charges for a longer period without proportionately raising the price to buyers, being able in many cases to do this mainly because coal-dealing is only a side-line with them, or a means of increasing their main line of business. In October, however, 3s. 3d. of the total rise of 5s. 3d. per ton on house coal provided for these increased charges.

The position illustrates the general principle that *retail prices are more rigid*—less flexible—than wholesale prices. But the point was rapidly being reached in the latter part of last year when advances would have to be made in the retail price in order to afford distributors a rate of profit that may be regarded as reasonable under the present system.

After 1st October the rise in the retail price amounted to 42 per cent. compared with the rise of 48 per cent. in the price of house coal at the mine itself. The rise in the price per ton (in ton lots) of house coal at Auckland, compared with the pre-war period, is now 14s., of which 7s. 6d., or 54 per cent., is due to increased mine-cost, 1s. 5d., or 10 per cent., to higher railway charges, and 5s. 1d., or 36 per cent., to increases in the cost of distributing borne directly by retailers.

Railage: There have been two increases of 10 per cent. each, equivalent to 21 per cent. in all, amounting to 1s. 5d. per ton of coal of all grades from Huntly to Auckland.

Bagging and Loading: This costs about 2s. per ton, although in the case of one firm which worked out the costs exactly from its own accounts it amounted to 2s. 9d. per ton for labour and shunting trucks, weighing, picking out dross and stones, trucking to the platform, stacking on the platform, redelivery to carts, loss of time waiting on trucks, shortage of coal, and repairs to sacks. The increase in this item is due mainly to the increase in the wages of shed hands and casual labour, amounting to over 40 per cent. on the average for the period under review, and to the shortage of coal-supplies.

Loss on Sacks: This amount varies considerably; it is greater in the retail trade than in the wholesale; there is more wear-and-tear on the sacks, and there is extra loss through the sacks being left with the consumer until the delivery of the next order. A considerable number of bags is lost every year through dishonesty and carelessness. The loss from all causes in the retail trade is from 6d. to 1s. greater than in the wholesale. The loss is also greater with hard coals than with soft, and with house coal than with kitchen or through. The bags may be worn out in three or four uses, though when repaired they may last through six uses. The life of the coal-sack is apparently much shorter in Auckland than in the southern centres. The estimates of cost run from 1s. 6d. to 3s. per ton at the current price of bags—9s. to 10s. per dozen, twelve bags to the ton.

Loss in Transit: This is a considerable item, and it varies in amount according to the kind of coal, the length of distance from the mine to the market, the number of handlings, the state of the weather, &c. Estimates vary from 1s. 3d. to 1s. 10-2d. (an actual figure) for local coals, and 2s. 6d. for Australian coal. The loss in weight is greatest in house coal, one reason being that it lends itself