

The Union Steamship Company provides the bulk of the shipping for the sea carriage of coal. During the period under review it has had twenty-nine ships more or less regularly used as coal-carriers in the West Coast and Australian coal trade. All of these ships, however, perform other work than the transport of coal, and this mixed service has made it particularly difficult to analyse the cost of carrying coal alone. Many of the ships carried coal and general cargo at different times of the year. In many cases, too, where the cargo one way is coal, the back cargo is general merchandise. By taking, however, the average expenses apart from labour, and adding to them the labour on the coal, the company provided us with data which may be regarded as a fair sample of the trading particulars relative to boats, giving a spread of tonnage from a small collier up to the largest regularly employed on the New Zealand coast. Calculations from this data show the company to have earned by such ships in the New Zealand trade up to the end of 1917 the following profits per ton of coal carried :—

TABLE 79.

| Year ending             | Tons carried. | Net Profit per Ton.* |    |
|-------------------------|---------------|----------------------|----|
|                         |               | s.                   | d. |
| September, 1914 .. .. . | 218,726       | 1                    | 3  |
| „ 1915 .. .. .          | 390,332       | 1                    | 3  |
| „ 1916 .. .. .          | 458,512       | 1                    | 0½ |
| „ 1917 .. .. .          | 503,496       | 1                    | 0  |

\* Out of this depreciation, sinking fund, and periodical overhaul charges are to be provided.

The average yearly cost per ton of running these ships increased in this period by 48·35 per cent., while the average freight return increased 34·79 per cent. No allowance has been made in the cost for depreciation and periodical overhauls. The data for 1918 have not yet been calculated, but the company states that the margin between cost and return shows a slight improvement. It has to be remembered, however, that an unusually large amount of overhaul and general repair work has to be done owing to the postponement of repairs since the outbreak of the war.

The position in regard to the Newcastle trade is still more difficult to analyse. The company estimated in September, 1918, that it was importing at the rate of about 190,000 tons a year. Changes from coal-carrying to general carrying are more frequent in the Newcastle trade than in the coastal trade. The difference between the cost and the freight rate is greater, but the voyage is longer, and the ships have often had to run back in ballast. The trade on this run, too, has been worked in close collaboration with the Ministry of Munitions and Supplies.

The freight rates charged by the Union Steamship Company are 35 per cent. lower than those asked by the Australian Controller of Shipping. The Australian Controller on occasion provided shipping for the coal trade to New Zealand, but at a rate over 50 per cent. higher than the Union Company's rates (£1 5s. as against 16s. 3d.). The Union Company's rates are over 56 per cent. lower than those of the Imperial Controller, the latter charging £1 10s. as his lowest rate against the Union Company's 16s. 3d. The rates of the Union Company are also less than those of any Australian shipping company which has been operating outside the Controller.

The company claims that it has fully considered and rendered its obligations to New Zealand ; that, with the exception of one ship leased to the Navy, it has parted with none of its tonnage on time charter, though very high rates have been offered to it. *The increase in the freight rates may be regarded as moderate when viewed in the light of the increased cost of rendering the service and of the tremendous increase in the world demand for tonnage, the great shortage of shipping, and the enormous revenue that could have been obtained by using the ships beyond the New Zealand trade.*

One coal company which carries part of its coal-output in its own vessels, and which credits them with the ruling rates of freight, testifies that these ships "barely pay working-expenses." But the Board obtained particulars from another company with shipping engaged exclusively in the carriage of coal from the West Coast, and these show that the current rates of freight on coal afford a very substantial margin of profit in special cases, even when the ships carry no back cargo.

*Profits in the wholesale and retail trade in coal have already been considered in Chapter III, section 2, subsections (ii) (g), (iii) (d), (iv) (g), (v) (d), and (vi) (d), pp. 42, 45, 50, 52, and 55. The general conclusion is that, except in the case of those dealers who are engaged in the retail trade on a large scale, the difference between the cost of coal to the dealers and the price received by them affords but a mere living to those engaged in it. The profits of the retail dealers cannot be assessed as exactly as those of the mining companies because of the mixed nature of the business conducted by them, but the balance of evidence does not suggest that they are not "fair and reasonable" as the industry is organized at the present time.*