

The chief aims to be achieved by reorganization of the industry appear to be these :—

- (1.) The introduction of economies in the cost of producing the output of coal.
- (2.) The conservation of the coal resources of the Dominion, with due regard to the most equitable distribution of the available supplies as between present and future needs ; the systematic and easy development and expansion of the industry to satisfy the growing requirements of the community.
- (3.) The concentration of the industry at any given time in the most profitable fields.
- (4.) The removal of the causes of labour unrest. Subsidiary to this is the institution of proper housing for mine workers.
- (5.) The inauguration of an efficient system of distribution.
- (6.) The regulation of coal-prices in the interests of consumers.

A change in organization in the direction of consolidating the several mines of the Dominion under a single central control and management would tend to effect many economies in the costs both of production and marketing, as well as to facilitate the development of a well-reasoned compact policy for the whole country in regard to the opening-up of new fields, the closing-down of unprofitable mines, and the application of the capital and labour resources to those mines at which the supply of coal required could be most economically won. Such a change would also provide those conditions which seem to promise the most useful results in the distribution of coal by extending to that sphere, in which reforms of other kinds appear to be so difficult to make because of our scattered markets, our small population, and widely diffused mines, the principle of unified and co-ordinated policy and management. The most satisfactory methods of distribution and the lowest prices are found at present in those cases where distribution is controlled by the same agency as production—for example, in the case of the Westport, State, and Pukemiro coals. The elimination of labour unrest and the control of prices in the public interest could both be facilitated by such a change, since it would provide an opportunity for giving that direct representation of labour and consumers on the agents controlling production that promises to be one of the most powerful factors in harmonizing economic classes.

But the Board is of opinion that this desired change should not take the form of State purchase and direct management of the mines. It believes that direct State ownership and management, though it might lead to some of the objects in view, would not foster the highest degree of enterprise, initiative, and resourceful management, nor the necessary single-minded regard for efficient service from all ranks, nor the accumulation out of the profits of the industry of the fund adequate to its future development without becoming a burden on the other industries of the Dominion. The most pressing need is to combine the undoubted advantages of centralized policy and management with those that may reasonably be expected to result from representation of labour and of consumers (through the State) on the controlling body.

*The Board therefore strongly urges the immediate institution of a Dominion Coal Board* (for development and conservation).

The Dominion Coal Board should consist of representatives of—

- (1.) The existing coal-mining companies ;
- (2.) The employees of these companies ; and
- (3.) The Crown.

It is suggested that the Board comprise five members at most—the companies to appoint two members, the coal-workers two, and the Crown one, who shall be president. If the Board took over the function of distribution the employees engaged in that branch would exercise a voice in the selection of the representatives of labour on the Board. The nominee of the Crown should be appointed for a definite term. The representatives of the coal companies should be elected by the shareholders voting by a method similar to that prescribed for the election of the directors of a company under the Companies Act. The representatives of the coal-workers should be elected annually according to a system to be determined after consultation with the workers. In order to establish some continuity in policy the members of the Board should retire from office not as a whole, but one representative of each of the two interests of capital and labour at a time ; this would involve a two-years term of office for each representative, but he should be eligible for re-election.

The Dominion Coal Board should be in a position to achieve effectively the objects detailed above on this page and similar aims. *To these ends the Board should be empowered to take over the existing coal companies with their assets and liabilities at valuation, and to issue stock to the existing shareholders in exchange for the shares held by them at the average market value of such shares for the period of the three years immediately preceding such exchange ; such average market value to be calculated and determined by a specially appointed Commission.*

Existing company law should apply to the Dominion Coal Board, but it should be modified wherever required to permit the Board to exercise the functions necessary to achieve the objects in view.

Stockholders should be guaranteed a pure interest rate of 4 per cent. on their paid-up capital. From the balance left, after payment of this rate, working and maintenance expenses, and making provision for renewals and depreciation and reasonable development, there should be paid—

- (1.) A risk rate to stockholders, and
- (2.) Bonuses to stockholders and employees in the proportions respectively of the amount of dividend calculated at the pure interest and risk rates combined and the total amount of the pay roll of the Board