

REFERENCE NO. 2.—ANY INCREASE IN THE COST OF SUCH PRODUCTION AND DISTRIBUTION SINCE THE COMMENCEMENT OF THE PRESENT WAR, AND THE CAUSES OF SUCH INCREASES.

(i.) *Increase in the Cost of Production of Coal, 1913-14 to 1917-18.*

The average mining-cost per ton increased at every one of the principal mines except at one, where abnormal and increasingly favourable working-conditions ruled. The total cost of production per ton of coal mined at all the mines, giving returns for every year of the period 1913-18 inclusive, increased about 41 per cent., or 4s. 10d. per ton.

Taking into account the cost at all the mines, whether giving returns for all the earlier years of the period or not, the increase in the cost of production was about 31 per cent., or 3s. 7d. a ton. This latter figure underestimates the actual rise in the cost of production of all coal produced over the period.

The cost of mining bituminous coal at all mines giving data for every year increased about 43 per cent., or by 5s. 5d. a ton.; at all the mines from which exact particulars were obtained, by 40 per cent., or 4s. 9d.

The corresponding increases in the mining-costs of semi-bituminous coals were 13 per cent. or 1s. 6d. a ton, and 31 per cent. or 3s. 5d. a ton. The mine showing a decrease in the cost during the period was one producing semi-bituminous coal.

The corresponding increases for brown-coal production were 70 per cent. or 8s. 4d. a ton, and 25 per cent. or 2s. 7d. a ton. Certain new brown-coal mines came into operation after the beginning of the period under review.

The analysis of cost of production is shown in Chapter II, pages 24-31 (see Tables 15 to 24 and context).

The increases in the cost of production have been made up of increases in every separate item of cost, and have been caused by rises in the prices of materials and the labour necessary, increased taxation, and diminished output due to a reduction in the number of mine workers, the smaller output increasing the share of standing charges for each ton raised. In the case of a few mines industrial disputes and a slight falling-off in the output per miner have tended to increase cost.

The cost of production per ton due to the wages of manual labour in and about the mines increased at those mines giving returns for every year of the period by 31 per cent., or 1s. 10d. a ton—that is, by an amount equal to 38 per cent. of the increase in the total cost of production. If account be taken of the labour-cost per ton of all coal concerning which exact particulars were given, whether produced at mines giving returns over the whole period or not, the increase in the labour-cost is 20 per cent., or 1s. 2d. a ton, an amount equal to 33 per cent. of the increase in the total cost of production. The increase in the labour-cost of production of all coal mined in New Zealand during 1913-18 may be estimated at a little more than a third of the increase in the total cost of production at the mines.

The changes in the cost of stores and materials per ton of coal raised ranged from a decrease of about 2d. at one mine to an increase of 1s. 8d. at another. The corresponding range for maintenance and renewals was 11d. decrease to 1s. 9½d. increase; for rates and taxes, 2d. decrease (State mine) to 1s. 9½d. increase; for administration, 11½d. decrease to 1s. 1½d. increase; for royalties and rents, 4½d. decrease to 3d. increase; and for depreciation and sinking-fund charges (actually made), 1s. 2d. decrease to 8½d. increase.

The relation of lost time to cost of production and output is discussed on pages 31-4.

(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.