In the case of certain coals the total transport charges are greater than those shown in the statistics of freight as usually quoted, since there are certain haulage costs borne by the coal company from the pit-mouth to the point f.o.b. or f.o.r. The following table gives the more important cases in which these extra costs occur :—

TABLE 35.—COST OF RAILWAY HAULAGE TO NEAREST PORT OF SHIPMENT PER TON OF COAL MINED OVER A RECENT PERIOD.

	s.	d.
Point Elizabeth to Greymouth	2	3
Liverpool Mine ,,	2	7
Blackball .. ,,	3	0¼
Paparoa .. ,,	3	4
Denniston (Conn's Creek) to Westport..	2	8
Granity to Westport	3	0
Ngakawau to Westport	3	0

These rail-costs represent a range of from 16 to 27 per cent. of the total mining-cost of the coal at the shipping-ports, and do not include the Harbour Board charge of 3d. per ton, which is made in some cases to assist in the upkeep of the railways and harbours.

It is clear that the railway and shipping charges contribute a large proportion of the cost of coal, and that improvements in transport economizing these costs would be important factors in reducing its price. Such improvements might be effected in—(1) The mechanics of transport ; (2) the present system of ownership, administration, and general organization of the railways and shipping ; and (3) methods of handling the coal whilst *en route*, including loading and discharging.

The possibility of immediate improvements in these directions is referred to in Chapter VIII.

(ii.) CHANGES IN TRANSPORT-COSTS SINCE 1913.

The freight charges have increased during the war period. The *increase in rail freights* can be definitely measured, and *amounts to 21 per cent.*, made up of two rises of 10 per cent.—on the 19th September, 1915, and the 25th November, 1917, respectively. The general increase in shipping rates cannot be so definitely measured in percentages because of the unequal distribution, over the various routes, of the particular increases. For example, the contract rates for the carriage of coal in the New Zealand coastal trade were advanced for all ports in 1916 and 1917 by a common rise of 1s. 6d. and 2s. 6d. respectively. *The percentage increases in shipping freights for coal*, calculated from the rates for the chief ports of discharge, *show themselves to be as detailed below* :—

(a.) The increase in freight rates on Newcastle coal between 1914 and November, 1918, amounted on the average to 52 per cent. to all New Zealand ports, the rises occurring in 1916, January, 1917, June, 1917, and in 1918. (A rise of 3s. 6d. per ton, or 21·2 per cent., on rates to the chief ports takes effect from the 1st March, 1919.) The rises in the freights charged by lines other than the Union Company have been greater.

(b.) The average increase in the freight rates on Westport coal amounted to 55½ per cent. Two changes were made, on the 1st July, 1916, and the 1st July, 1917.

(c.) The corresponding average increase for Westport-Stockton coal is 53¼ per cent., the rises occurring on the 1st November, 1916, and the 1st November, 1917.

(d.) The average increase in the freight rate on State coal amounted to 42 per cent., increases being made on the 1st June, 1916, and the 1st December, 1917. Only small increases were made in the case of Auckland and Napier. For other ports the percentage of rises was much the same as on other coals.

The difference between the rate of increase of the cost of transport by rail and that of carriage by sea is well illustrated by a comparison of the Huntly–Auckland and Westport–Lyttelton charges. The railage from Huntly to Auckland for 1914–15 was 6s. 6d. per ton, or 39½ per cent. of the mine-cost and 19½ per cent. of the Auckland retail price. The freight from Westport to Lyttelton at the same period was exactly the same—namely, 6s. 6d., or 35 per cent. of the f.o.b. Westport cost and 16½ per cent. of the retail price at Christchurch. At the present time the Huntly–Auckland railage is 7s. 11d., an increase of 21 per cent., adding 40 per cent. to the mine-cost and being 23 per cent. of the price paid by the consumer. The Westport–Lyttelton freight is 10s. 6d., an increase of 61½ per cent., adding 46 per cent. to the present f.o.b. cost and constituting 19 per cent. of the retail price.

The *increase in sea freights has been caused by* the following increases in the cost to the ship-owner :—

Bunker coal (Newcastle) increased 36½ (screened) to 57 per cent. (small).
Bunker coal (West Coast) increased 22 (unscreened Westport) to 86 per cent. (State small).
Wages increased just under 40 per cent.
Victualling increased 60 per cent.
Stores increased from 50 to 100 per cent.
Labour of working the ship increased 70 per cent.

From the particulars supplied us in respect of typical colliers engaged in the New Zealand coal trade we find that the average cost per ton to the shipowner for the carriage of coal increased from about 5s. for the year ending 30th September, 1914, to about 7s. 6d. for the year ending 30th September, 1917, equivalent to an increase of 50 per cent. The level of freight rates is, of course, determined also by the conditions of demand for shipping, and this demand during the war period has increased enormously. This factor is referred to in considering the reasonableness of profits. (See Chapter IV, section 2 (i).)