

## Costs of Production of Sawn Timber.

### A Treatise on Pre-War and Present-Day Figures.

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(Concluded from October issue).

### Forestry Department and Logging Operations.

This departmental cost should be taken out under separate heads as follows:—

Falling, Cross-cutting and Hauling—Delivery per Loco to Mill—Upkeep of Tram—Cross-cutting on Mill Skids—Management. Actual wages paid should be allocated to each section of the work and cost per 100 shown.

As to pre-war costs in this department: We have taken May, 1914, and May, 1918, as the comparison years and we find that wages paid compared as under:—

|                                | 1914 | 1918 |
|--------------------------------|------|------|
| 4 Crosscutters were paid .. .. | 11/- | 15/- |
| Ropemen (Hauling) .. ..        | 12/- | 16/- |
| Hauler Drivers .. ..           | 11/- | 15/- |
| Loco. Drivers .. ..            | 12/- | 14/- |
| Skidmen .. ..                  | 11/- | 15/- |
| Tram Navy .. ..                | 10/- | 14/- |
| Management .. ..               | £20  | £28  |

Average increase 35 per cent.

When the cost per 100 on account of wages is known, it is necessary to take in GEAR PURCHASED, including such items as saws, wire ropes, blacksmith's repairs to blocks, hauler, and bush trucks, wire nails (where wood tram is used) and other such charges. We find increases in principal lines of hardware are:—

|                                  | 1914  | 1918 |
|----------------------------------|---|------|
| Crosscut Saws .. 2/- per foot .. | 4/6 per foot                                  |      |
| Wire Ropes .. 65/- per cwt. ..   | 300/- cwt. (also quoted up to 560/- per cwt.) |      |
| Wire Nails .. 15/- cwt. ..       | 60/- cwt.                                     |      |

We have not taken in STEEL RAILS, as this is nearly always a capitalisation charge, but where any need replacing the cost is £8 in 1914, as against £25 in 1918, an increase of over 200 per cent.

To allocate to any one month the cost of gear as above, an average of the prior 12 months cost should be taken.

Some companies debit their monthly cost account with each month's purchase irrespective of whether it is a heavy month or not, and they then take the average of their six or twelve months' costs.

This to our view is not right, as the miller has to wait six months before he knows just where he is; whereas if he takes the average of the prior twelve months he gets very near the mark right off.

The cost of gear is a most important one and every means must be taken to ascertain that all charges are in, as often it will be found that the upkeep of bush plant will run into half the wages cost.

## Milling and Yarding.

The separate heads here are:—Milling—Yarding—Planing—Handling Orders Out—Cost of Gear Used in Upkeep of Mill (circular saws, belts, wire ropes for winches and carriages, files, machinery, repairs, etc). Here a divergence of opinion arises.

Should we take our basis tally as a credit to wages of planers and cost of handling outwards? Some mills take their basis right through the cost. We contend that the head machinist should take a daily tally of timber run through his machines to base his cost on, and that the handling outwards cost should be based on the actual sales.

The increased wages cost in this department is:

|                          | 1914 | 1918     |
|--------------------------|------|----------|
| Head Breaking Down .. .. | 11/6 | 15/-     |
| Pacific Lever .. ..      | 12/- | 16/6     |
| Pacific Carriage .. ..   | 11/- | 14/-     |
| Head Bench .. ..         | 14/- | 16/-     |
| Tail Bench .. ..         | 12/- | 14/-     |
| Engine Driver .. ..      | 11/- | 15/-     |
| Slabs .. ..              | 10/6 | 12/6 av. |
| Machinist .. ..          | 15/- | 16/6     |
| Tail-out Machines .. ..  | 5/-  | 8/-      |
| Head Orderman .. ..      | 12/- | 15/-     |
| Stackers .. ..           | 10/6 | 12/6     |
| Management .. ..         | £20  | £28      |

Average increase wages 36 per cent.

Hardware costs compare:—

|  | 1914                | 1918 |
|--|---------------------|------|
| Wire Ropes .. 65/- cwt. ..                               | 240/- to 500/- cwt. |      |
| Circular Saws, 42in. .. 45 5/- ..                        | £12 10/-            |      |
| Beltng .. Increase 100 per cent.                         |                     |      |
| Files .. .. 6/9 doz. ..                                  | 19/6 doz.           |      |
| Oils—Increase 25 per cent. on contracts (up to 50/- now) |                     |      |
| Bar Iron Steel .. 15/- cwt. ..                           | 35/- cwt.           |      |

## Loading.

We now come to the last department of cost and almost every mill has different methods of loading out to their customers. In our case from the yard to the battened truck we do this work by contract at per 100 feet actual measure and our cost is simplified, but in other cases where Government waggons are run to the yard by siding or where timber has to be otherwise handled, the wages of orderman and loaders must be kept separate.

This brings us to the total cost per 100 feet of sawn timber loaded into Government waggons, and it is recommended that each month's cost be compared and the comparison shown in drawing up the statement. There is not so much in the making up of a cost account as there is in using a method of book-keeping whereby the figures we so urgently need are easily obtained and files easily scrutinised.

## Standing Charges.

These should be kept separate from the milling costs, and if the cost per month of interest, depreciation, salaries, rates, travelling expenses, discounts,