Hitherto the amounts written off for depreciation and allocated to sinking and reserve funds respectively, have not actually been withdrawn from the account, as the amounts have been expended on the development of the No. 2 Mine, and on other works fairly debitable to Capital Account. It is now proposed to withdraw these amounts from the State Coal-mines Account, and to invest them, probably through the agency of the Public Trustee. It will therefore be necessary to raise fresh capital to pay for the work already done at the new mine, and any further work that may be necessary to complete it, and provision for raising an additional £100,000 has accordingly been made in the Coal-mines Amendment Bill, which is now being prepared.

Details of Operations and Management.

Output.

Previous to 1904 only a few tons of coal had been produced by the State collieries, and it was during that year that actual trading-business commenced; since then the State-owned mines have produced 1,960,084 tons of coal, being about 12 per cent. of the total output of all the collieries of the Dominion, which amounted to 14,719,796 tons during the same period.

The following is a table showing the annual output of coal from State collieries since their inception:—

Financial Year.	Point Elizabeth.	Seddonville.
	Tons.	Tons.
1903–4	5,000	7,190
1904–5	77,119	40,090
1905–6	131,816	46,085
1906–7	173,882	43,287
1907–8	233,497	48,788
1908–9	249,442	60,464
1909–10	215,809	74,464
1910–11	221,990	59,535
1911–12	204,872	66,754
Total output	1,513,427	446,657*

* Coal out of this total was used for the manufacture of the following tonnages of briquettes and eggettes:—

1908	5,094 tons.
1909	11,889 „
1910	4,160 „
1911	8,564 „
1912 (to 31/3/1912)	3,007 „
Total	32,714 tons.

Cost.

The cost of production at the Seddonville Mine, while always moderate, has generally shown a declining tendency. The low cost, while doubtless largely due to good management, is also partly accounted for by the character of the coal, which, being soft, requires the use of but few explosives. At Point Elizabeth there has been a marked tendency, especially during the last two years, for the cost to increase. This increase is due to various causes, but is principally attributable to the thinning of the seams, diminishing output, increased inflow of water into the mine necessitating much more pumping, increased rates paid to miners, altered conditions of working, &c.

The following table shows the cost per ton of coal produced at each of the State collieries from 1905 to 1912:—

Financial Year ending 31st March.	Point Elizabeth.	Seddonville.
	s. d.	s. d.
1905	5 1·42	6 10·51
1906	5 9·56	6 8·18
1907	5 9·25	5 11·12
1908	6 6·60	6 3·26
1909	6 6·87	5 5·87
1910	6 9·36	5 7·09
1911	7 7·17	5 11·16
1912	8 0·55	5 3·60