

1916.
NEW ZEALAND.

BOARD OF TRADE

(REPORT OF THE) REGARDING COAL-PRICES AT AUCKLAND.

Laid on the Table of the House of Representatives by Leave.

Auckland, 7th June, 1916.

To the Right Hon. William Ferguson Massey, P.C., M.P., President of the Board of Trade.

SIR,—

Following your telegram of the 26th ultimo to make inquiries into the recent increase in the price of coal in Auckland, and to report as early as possible, we have the honour to report as follows:—

1. The Board of Trade instituted an inquiry into the increase in the price of coal on the 29th ultimo, and examined on oath Messrs. E. W. Alison (chairman of directors of Taupiri Coal-mines (Limited)), Joseph Catchpole, and C. M. Rich-White (chairman of directors and secretary of the Pukemiro Collieries (Limited)), J. M. Carpenter, E. A. Craig, George Winstone, jun. (coal-dealers), and George Roberts (engineer).

2. Information was also sought in such other directions as we deemed necessary or expedient during the course of our investigation.

3. As a basis from which to work and make comparisons we took the wholesale prices of the various classes of coal obtaining on the 1st August, 1914, and compared them with the prices for the same grade after the rise which took place on the 22nd May, 1916. The former prices, we assumed, were reasonable.

The following table shows the comparison, the grades being bought in sufficient quantities to entitle the purchaser to receive the maximum discounts:—

	1st August, 1914.		22nd May, 1916.		Increase.	
	s.	d.	s.	d.	s.	d.
In trucks, Huntly—						
House coal	14	10½	17	1¼	2	3
Steam coal	10	9½	12	7	1	10½
Kitchen coal	(Not on market)		12	7	...	
In trucks, Pukemiro—	1915.					
House coal	15	3	17	7	2	4
Steam coal	11	1	12	11½	1	10½
Kitchen coal	(Not on market)		12	11½	...	

In order that the increased price should not bear too heavily on the poorer class of consumer the companies put on to the market a new grade of coal—kitchen coal—which is sold at 12s. 7d. Huntly and 12s. 11½d. Pukemiro wholesale if bought at best advantage, and which we are informed is practically taking the place of the higher-priced house coal, and is quite good enough for ordinary purposes. As can be seen from the above table, the wholesale price is actually lower by 2s. 3½d. than the price of house coal in 1914.

4. The Taupiri Coal-mines (Limited), which does between 60 and 70 per cent. of the trade in this district, publicly stated that the increases shown above were due to (a) increased cost of production, (b) enhanced prices of materials and supplies, (c) increased railway freights on materials and supplies, (d) increased taxation, and (e) a serious diminution of output due to shortage of miners.

5. The enhanced prices do not affect the contracts for the supply of coal entered into by the company prior to the 22nd May, 1916, the largest being the contract with the Railway Department, which, for the year ending 31st March, 1917, is securing its supplies at a cheaper rate than last year—a result due to competition.

6. From the evidence before us we are of opinion that the increase in the wholesale prices of coal as set out above are fully warranted, and are not more than sufficient to enable the company to produce without loss. On the outbreak of war in August, 1914, the company, as a member of the Coal-mine Owners' Association, became a party to the following resolution: "That, the individual mine-owners having reported to the association that they do not intend to increase the price of coal during the present crisis unless the mine cost is increased, the association heartily endorses this action."

The policy adopted in that resolution was maintained up to the 22nd May of this year. For the year ending 31st March, 1915, covering the first nine months under war conditions, the company, after providing for depreciation, made a profit of only £1,080, and was not in a position to declare a dividend. During the year—namely, on the 12th September, 1914—one of the greatest disasters in the history of New Zealand mining occurred in one of the company's