fund for the redemption of the debenture and loan capital. It must not be overlooked that Point Elizabeth Colliery is rapidly approaching the exhaustion stage, and when it ceases operations the whole of the interest charge, at present apportioned between the two mines, will have to be borne by Liverpool.

In respect to the depots, the result in the aggregate has been a net profit of £205 5s. 5d.; Wellington and Wanganui show a loss on the year's operations, while Christchurch (owing to a large ex-steamer trade) and Dunedin show a profit. In regard to the Wellington depot, extensive repairs and alterations to the depot buildings were carried out during the year, the cost being included in working-expenses, which has also borne the cost of other special expenditure of a non-recurrent nature. During the year the working-expenses of the depots, in common with all other trading concerns, were considerably increased by the advance in wages and the increased cost of cartage, supplies, and repairs. The policy adopted some two years ago of placing large contract orders through the depots was discontinued during the financial year, and the present policy is to restrict the depots to a legitimate retail trade in each centre. The margin of profit on large wholesale orders is the explanation of the relatively large profits that the depots have been showing for the past two years. In view of the withdrawal of this business and the increased operating expenses already referred to, I am of the opinion that the retail prices of coal sold through the depots should be increased with a view of enabling each depot to show a reasonable margin of profit over working-expenses and to provide for contingencies.

Output.

The gross output of the mines for the year was 265,782 tons, as compared with 249,839 tons for the corresponding period last year, being an increase for the year of 15,943 tons.

A comparative statement for the two years is shown in the following table:—

Mine.	Output in Tons, 1916.		Output in Tons, 1917.	
	Gross.	Net.	Gross.	Net.
Point Elizabeth ..	134,102	126,000	132,769	125,030
Liverpool	115,737	114,130	133,013	127,780
Totals ..	249,839	240,130	265,782	252,810

Note.—The difference between the gross and net output is the allowance made for mine consumption and waste.

Point Elizabeth Colliery produced 125,030 tons of marketable coal, a decrease of 970 tons on last year's figures. After allowing for stocks on hand and afloat at the beginning and end of the year the disposal was as under:—

Supplied to	Screened.	Unscreened.	Steam.	Small.	Totals.
	Tons.	Tons.	Tons.	Tons.	Tons.
Depots	23,472	11,664	11	13,739	48,886
Railways	22,458	3,604	...	...	26,062
Shipping companies	97	4,153	26,594	7,169	38,013
Other Government Departments ...	743	61	...	52	856
Other consumers	6,144	4,282	...	2,906	13,332
Totals	52,914	23,764	26,605	23,866	127,149

Liverpool Colliery produced 127,780 tons of marketable coal, an increase of 13,650 tons. The disposal was as follows:—

Supplied to	Screened.	Unscreened.	Steam.	Small.	Totals.
	Tons.	Tons.	Tons	Tons.	Tons
Depots	19,019	1,986	6	27,757	48,768
Railways	20,082	4,670	...	91	24,843
Shipping companies	137	3,396	11,733	5,739	21,005
Gas companies	...	8,416	...	18,659	27,075
Other Government Departments ...	456	...	...	...	456
Other consumers	865	161	...	6,236	7,262
Totals	40,559	18,629	11,739	58,482	129,409

The total sales for the year comprised 256,558 tons, value £248,817, as compared with 241,022 tons, value £201,564, for last year, an increase for the year in quantity of 15,536 tons, and in value £47,253.