

*The average rate of dividend paid during the period, weighted according to the relative sizes of the capitals of the different companies, was 4·8 per cent.*

*The average rate of total gains made by the companies—that is, including undivided as well as divided profits—was 5·1 per cent. Out of this the industry has to provide interest to the shareholders, and a large part of the insurance, depreciation, and sinking-fund charges.*

*The general conclusion is that the rate of profit made in the production of coal, taking the industry as a whole, is unduly low.*

A large amount of capital invested in coal-mining in New Zealand in the past has been lost without making any returns to the owners.

(ii.) *Profits in Distribution.* (See Chapter IV, Section 2, pp. 61–2.)

It is assumed that the question of the reasonableness of distributors' profits refers to coal-dealing in existing conditions and with the present methods of distribution.

*The general conclusion is that, except in the case of those dealers who are engaged in the retail trade on a large scale, the difference between the cost of coal to the dealers and the price received by them affords but a mere living to those engaged in it.* The profits of the retail dealers cannot be assessed as exactly as those of the mining companies, because of the mixed nature of the business conducted by them, but the evidence does not support the charge that they are unreasonably high. Estimates of the net profits per ton at the several centres are given in Chapter III, Tables 38, 41, 46–47, 54, 56, 62, and 70, and context.

Profits in the transport of coal appear to be higher than in mining or retail distribution. For the period 1914–17 the profit earned on the carriage of coal in certain typical parts of the New Zealand coastal trade appears to have ranged from 1s. to 1s. 3d. a ton, from which depreciation, sinking fund, and periodical overhaul charges have to be deducted. These profits would have been much higher if the shipping in question had availed itself of the many opportunities for much more profitable work abroad during the war period. Higher margins of profit were undoubtedly earned by foreign-owned shipping carrying coal to the Dominion.

REFERENCE NO. 4.—WHETHER THE SELLING-PRICES OF COAL ARE FAIR AND REASONABLE.

This question has already been answered in the last section. There is no doubt that the price of coal could have been raised much higher than it actually was during the last two winters, in view of the competition of consumers for the diminished supplies, but for the influence of public opinion, the action of the local Coal Committees set up by the Ministry of Munitions and Supplies, and the pressure in certain cases brought to bear by some of the leading colliery-owners and large distributors upon the general body of retailers in the direction of discouraging proposed increases in retail prices. In many cases the smaller dealers largely dependent upon coal suffered considerably through prices not rising sufficiently to return them working-expenses.

REFERENCE NO. 5.—WHETHER INCREASED ECONOMY OR EFFICIENCY CAN BE OBTAINED IN THE PRODUCTION AND DISTRIBUTION OF COAL, AND, IF SO, IN WHAT MANNER.

As this question has been discussed in sections 2, 3, and 4 of this chapter, pages 86–90, it is not necessary to repeat the recommendations specified there.

REFERENCE NO. 6.—ALL OTHER MATTERS AFFECTING THE SUPPLY OR PRICE OF COAL.

These also have been included in an earlier section of this chapter. Without undue repetition we should like to emphasize here—

- (i.) The necessity for State encouragement of scientific research and its application to the problem of coal-mining and the utilization of the small coals of the Dominion. A much fuller advantage may be taken of the work done and the advice given by the State Geological Department, and the University colleges should receive generous financial assistance in the development of research.
- (ii.) The equal importance of an improvement in the industrial organization of labour at the mines and in its general social environment, particularly in respect of housing and better educational facilities.
- (iii.) Systematic technical education in the domestic use of coal so as to diminish considerably the present great waste due to ignorance of the possibilities of small and mixed coals, and of the proper methods of stoking ovens and grates.
- (iv.) Discouraging every form of inflation of the currency, which inevitably leads to rising prices at the expense of the poorer members of the community.

REFERENCE NO. 7.—THE INCREASES SINCE THE COMMENCEMENT OF THE WAR IN THE COST OF LIVING SO FAR AS SUCH INCREASES AFFECT MEN ENGAGED IN THE PRODUCTION OF COAL, DISTINGUISHING BETWEEN INCREASES, IF ANY, PRIOR TO AND SUBSEQUENT TO THE INDUSTRIAL AGREEMENTS MADE IN THE COAL INDUSTRY IN THE YEAR 1917.

This section of the inquiry presented special difficulties, which, owing to the abnormal character of the period during which the Board was conducting its investigations—i.e., the period of the influenza epidemic—we were not in a position altogether to overcome. (See Chapter VI, section 1, p. 77.)