

businesses and their own living, and in view of the character of the demand for coal they could have cleared the stocks at much higher prices. We feel justified in expressing the opinion that *the increased costs operating from the side of supply have been alone sufficient to account for the whole of the rise that has actually taken place in the consumer's price.*

The cost of production of Waikato coals increased about 18 per cent. over the period to September, 1918, or a little over 1s. 7d. per ton; the average annual selling-price at the mine being increased by about 1s. 8½d. It must be remembered, however, that only about a quarter of the mine's output is house coal, a little over one-third kitchen coal, the rest being chiefly slack. Since the price of a certain proportion of the steam coal is fixed for long periods by contract, and that of slack is very inelastic, the bulk of the rise in the price of coal at the mine—due to the rise in the cost of production—has to be borne by the house coal. Hence this helps to explain the rise in the price charged by the mines for house and kitchen coal of 5s. 6d. and 5s. (7s. 6d. and 6s. 6d. per ton since the 1st October) respectively when compared with the rise of 1s. 8½d. in the selling-price per ton averaged over their whole output.

Table 38 shows in summary form *the costs of distribution at Auckland* of house coal in September, 1918, as sworn in evidence.

TABLE 38.—SHOWING THE COST PER TON OF DISTRIBUTING HOUSE COAL IN AUCKLAND, SEPTEMBER, 1918.

Cost.	Firm A, 10,000 Tons.	Firm B.	Firm C, 14,155 Tons.	Firm D, Retail, 1,600 Tons.	Firm E1, Mount Eden, 7,790 Tons.	Firm E2, Newmarket, 2,307 Tons.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Coal	0 19 10	0 19 10	0 19 10	1 0 4	0 19 9·6	0 19 9·6
Freight	0 7 9½	0 7 11	0 7 11	0 8 2	0 8 3	0 8 3
Bagging and loading ..	0 2 0	0 2 0	0 2 9 (actual)	0 1 9	0 2 0·3	0 1 10·7
Loss in sacks	0 1 6	0 2 0 (3s. retail)	0 1 6 (2s. retail)	0 1 6	0 0 1·11	0 0 2·1
Loss in transit and handling	0 1 3	0 1 3	0 1 3	0 1 3	0 1 10·2	0 1 1·63
Siding charges and shunting	.. ..	0 0 4	0 0 3½	.. ..	.. ..	.. ..
Rent of sidings	0 0 9½	0 0 4	0 0 4	0 0 9	0 0 0·83	0 0 3·24
Overhead expenses, &c. ..	0 0 10	0 0 10½ (1s. retail)	0 1 9	0 1 0	0 0 6·27	0 0 5·92
Bad debts	0 0 5	0 0 5	0 0 2½	.. ..	.. ..	.. ..
Rates and taxes .. ..	.. ..	.. ..	.. ..	.. ..	0 0 10·09	0 0 7·69
Total wholesale	1 14 5	1 14 11½	1 15 10	1 15 1	1 13 5·4	1 12 7·97
Dealers' shed price	1 14 6	1 14 6	1 14 6	1 14 6	1 14 6	1 14 6
Profit (wholesale)	0 0 1	0 0 5½ (loss)	0 1 4 (loss)	.. ..	0 1 0·6	0 1 10·03
Extra loss on sacks	0 1 0	.. ..	0 0 6	.. ..	.. ..	.. ..
Cartage	0 6 0	0 6 0 (7s. 6d. actual)	0 6 0	0 6 7	.. ..	.. ..
Profit (retail)	0 0 10	0 0 2½ (loss)	0 0 1 (loss)	0 0 7	.. ..	.. ..
Retail price	2 2 3	2 2 3	2 2 3	2 2 3	.. ..	.. ..

There is no item of costs for which the Board did not obtain actual figures as well as estimates. Even in the case of overhead expenses, which it is difficult to ascertain, owing to the fact that actual distribution is only a part of the business, the actual figures obtained by analysing these expenses in large businesses increased from 2½ per cent. in 1912 to 5½ per cent. in 1918, though only 2½ per cent. has been allowed for in the above table. No allowance for depreciation or interest on capital has been made.

TABLE 39.—SHOWING THE INCREASE IN THE COST OF DISTRIBUTION OF COAL AT AUCKLAND BY RETAILERS BETWEEN 1913 AND SEPTEMBER, 1918.

Cost of					1913.	September, 1918.	Increase.
					Per Ton. £ s. d.	Per Ton. £ s. d.	Per Cent.
House coal	..	..	..	..	0 14 9	0 19 10	34½
Railage	..	..	..	..	0 6 6	0 7 11	21
Shunting	..	..	..	..	Nil.	0 0 2	..
Depot wages	..	..	..	..	2 2 0*	3 0 6*	44
Casual labour	..	..	..	..	0 1 0†	0 1 4½†	38½
Drivers .. ..	..	..	..	..	.. ..	.. ..	..
Other stable charges	..	..	..	..	.. ..	.. ..	..
Horse-feed—Chaff	..	..	..	..	5 15 0	14 10 0	150
„ Oats	..	..	..	..	0 3 0	0 6 3	108
Harness (new) .. ..	..	..	..	..	.. ..	.. ..	50
„ (repairs) .. ..	..	..	..	..	.. ..	.. ..	75
Wheelwright (new) .. ..	..	..	..	..	.. ..	.. ..	35
„ (repairs) .. ..	..	..	..	..	.. ..	.. ..	50
Shoeing	..	..	..	..	0 7 0	0 14 0	100

* Per week.

† Per hour.