CHAPTER II.

COST OF PRODUCTION OF COAL.

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1. DEFINITION.

REFERENCES 1 and 2 are most conveniently taken together, with due regard to the distinction (1) between the production and the distribution of coal, and (2) between the present costs of production and of distribution and the previous cost levels, both before and during the war period. Production is taken to mean all the processes involved in bringing the coal to the point whence it is passed on to the coal-dealer, wholesale or retail. Therefore the costs of production include all costs, direct and indirect, up to the point f.o.b. or f.o.r. at the mine, freight to market usually being paid by the dealer, and in all cases being easily separated and measured and allocated to distribution-costs. Some companies, however, with mines situated a certain distance from the nearest main railway-line or seaport include in their costs of production the haulage (railway) charges from the mine-mouth to the railway junction or the seaport. For some purposes of this report this definition has been accepted; for others these haulage charges have been deducted. Wherever it is necessary to do so in the report a note is made as to which cost is referred to in the immediate text. The cost of distribution is defined as the expense involved in the transport of coal and dealing in it from the point of delivery by the mine-owner to delivery into the consumer's bin.

For the purpose of assessing the cost of production the Board obtained from the owners of the principal coal-mines in the Dominion an analysis of the output and the cost of mining coal over the period 1913–18. This cost is worked out per ton to a small fraction of a penny for each mine for each of the following particulars :—

(1.) Coal-winning: Hewing, trucking, other labour, mine-management.
(2.) Haulage.
(3.) Screening and weighing.
(4.) Maintenance.
(5.) Development.
(6.) Other costs to f.o.b. or f.o.r.
(7.) Stores and materials.
(8.) Royalties: (*a*) Crown, (*b*) private.
(9.) Rates and taxes.
(10.) Insurance.
(11.) Miners' Relief Fund.
(12.) Depreciation.
(13.) Administration.
(14.) Interest (loans or overdraft).
(15.) Total mining-costs.
(16.) Mine-owners' profit.
(17.) Selling-price f.o.b. or f.o.r.