From a perusal of column 1 it will be seen that with the exception of the year 1916—when there was an increase over the preceding year of 17,674 tons—each year has shown a steady falling-off in bituminous and semi-bituminous coals as against 1914; the lowest point being reached last year, when the total output of this class of coal in New Zealand dropped to 961,107 tons, representing a shortage of 533,206 tons when compared with the year 1914—equal to about 36 per cent.

In assessing the quantity of hard coal actually lost through production not being maintained during the period referred to on a parity with the quantity produced in 1914, it is found that the total quantity of coal lost for the six years amounts to no less than 1,313,687 tons.

On referring to column 5, "Importations," and again taking the year 1914 for purposes of comparison, it will be noted that during the year 1919 importations amounted to 455,494 tons, a falling-off of 62,576 tons.

As already mentioned, the shortage of hard coal produced in the Dominion for 1919 as compared with 1914 amounted to 533,206 tons, and adding the shortage in importations for the same period of 62,576 tons, a total shortage of 595,782 tons is shown, equal to 29 per cent.

Of the 455,494 tons imported during 1919, it may be mentioned that 240,288 tons were brought to New Zealand from Newcastle in Union Company's vessels, outside tonnage accounting for the balance; and the arrangements now in progress indicate that probably 350,000 tons will be lifted by Union steamers during the current year.

The total quantity of hard coal produced in the Dominion and imported during the year 1914 has been taken as a basis for comparison, as conditions during that year were practically normal, and the coal then available was sufficient to meet the requirements of the various industries and public services of the Dominion, and at the same time permitted reasonable reserve stocks being built up by the various users of this class of coal. With 29 per cent. less hard coal available for distribution in 1919 than was the case in 1914, it will be readily understood why industries and services for which this class of coal is essential experienced so much difficulty in obtaining supplies to meet their immediate requirements, and clearly indicates the utter impossibility of reserve stocks being built up, especially when it is remembered that most industries and public services have considerably extended operations during the past year.

Increasing Importations.

As was pointed out in my last report, it was clearly recognized early in 1919 that to meet the continued falling-off in the production of hard coal in the Dominion special efforts would be necessary to increase importations, and in this connection it is very gratifying to record that the steps taken by my Department resulted in importations being increased from 255,332 tons for 1918 to 455,494 tons last year—an increase of 200,162 tons; and when it is remembered that there was a falling-off of 161,201 tons of hard coal in the New Zealand mines during the year 1919 as against the previous year, it is quite obvious that had it not been for the large increase in importations the Dominion could not possibly have maintained all industries and public services as has been done up to the present.

It is estimated that to satisfactorily meet the Dominion's requirements for hard coal over 2,000,000 tons per annum would be required—which exceeds the present production in New Zealand by over 1,000,000 tons—if the Dominion is to be self-supporting, as it should be, in this direction.

In considering the question of providing shipping tonnage for the carriage of coal from overseas, it has to be remembered hat other essential commodities as necessary as coal in the Dominion's welfare have to be provided for, and with only a limited tonnage available the problem of satisfactorily meeting the various demands has been a most difficult and complex one, but the best possible has been done to endeavour to meet all immediate requirements, having regard to their relative importance to the country. In this connection it should be mentioned that since the beginning of this year shipping tonnage had to be provided to lift 2,000,000 bushels of wheat purchased by Government in Australia to augment New Zealand supplies of wheat. In addition to this, hardwood timber had to be transported from Australia to meet urgent requirements of hydro-electric works, tramways, County Councils for bridges, and many other important public and private works. Space had also to be provided for other classes of cargo, such as fertilizers, agricultural salt, &c., urgently required in the Dominion.

Bunkering Overseas Steamers.

Reference was made in my last report to the necessity for overseas steamers bringing sufficient bunker coal from last coaling-port *en route* to New Zealand to carry them to the first coaling-port outwards, so as to obviate drawing on New Zealand supplies as much as possible; and it is a matter of extreme satisfaction to record that the assistance rendered by the overseas shipping companies in this direction had the effect of releasing hard coal for the Dominion's industries and services, the activities of which would no doubt have been considerably curtailed if local supplies had been drawn on. The value of the assistance rendered in this direction by the four overseas shipping lines trading to New Zealand may be gauged by the fact that for the period 1st September to 31st May, 1920, no less than 183,774 tons were carried in overseas steamers (including coal in steamers' permanent bunkers on arrival) for bunkering, and other essential purposes.

Up to the end of August, 1919, the falling-off in coal available for distribution amounted to approximately 100,000 tons when compared with the previous year; and when it is remembered that the "go-slow" policy was inaugurated in the New Zealand coal-mines in the September following, it will be realized the serious effect such action had on our industries and services. This policy was continued up to the end of February last, when the national agreement was brought into operation.