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NEW ZEALAND.

COAL-CONTROL DEPARTMENT.

REPORT BY MINISTER IN CHARGE.

Laid before both Houses of the General Assembly by Leave.

REPORT.

IN presenting a brief review of the operations of the Coal-control Department for the financial year ended 31st March, 1921, it is satisfactory to be able to state at the outset that industries and public services are in a very much better position regarding supplies of coal than was the case for the corresponding period last year.

The outputs of the Dominion mines for the year totalled 1,843,705 tons, as compared with 1,847,848 tons for 1919—a decrease of 4,143 tons. On the other hand, importations exceeded the quantity imported for the corresponding period last year by 191,583 tons—the figures being 455,494 and 647,077 tons respectively. The improvement recorded in this connection is reflected in the position of stocks held by our main services and industries, and illustrates the extent to which the Dominion is dependent on outside sources for supplies of hard coal to maintain operations and for building up reserves to meet possible contingencies.

Taking the combined outputs and importations for 1920, it is found that the total coal available from all sources amounted to 2,490,782 tons, as against 2,303,342 tons for last year—an increase of 187,440 tons. As it is of interest to note the fluctuations that have taken place in the production and importations of coal during recent years, the following table, covering the period 1914 to 1920, inclusive, has been prepared :—

Year.	New Zealand Outputs.	Importations.	Totals.
	Tons.	Tons.	Tons.
1914	2,275,593	518,070	2,793,663
1915	2,208,624	353,471	2,562,095
1916	2,257,135	293,956	2,551,091
1917	2,068,419	291,597	2,360,016
1918	2,034,250	255,332	2,289,582
1919	1,847,848	455,494	2,303,342
1920	1,843,705	647,077	2,490,782

To better illustrate the position, especially in respect to hard coal, a further table is submitted, which shows the output of the New Zealand mines under three classified headings—namely, bituminous and semi-bituminous, brown, and lignite :—

COMPARATIVE STATEMENT SHOWING OUTPUTS OF NEW ZEALAND MINES AND IMPORTATIONS FROM 1914 TO 1920 INCLUSIVE.

Year.	Bituminous and Semi-bituminous.	Brown.	Lignite.	Totals for New Zealand Mines.	Importations.	Grand Totals.
	(1) Tons.	(2) Tons.	(3) Tons.	(4) Tons.	(5) Tons.	(6) Tons.
1914	1,494,313	691,367	89,913	2,275,593	518,070	2,793,663
1915	1,404,400	725,001	79,223	2,208,624	353,471	2,562,095
1916	1,422,074	653,898	181,163	2,257,135	293,956	2,551,091
1917	1,247,989	629,174	191,256	2,068,419	291,597	2,360,016
1918	1,122,308	705,773	206,169	2,034,250	255,332	2,289,582
1919	961,107	684,331	202,410	1,847,848	455,494	2,303,342
1920	923,575	715,709	204,421	1,843,705	647,077	2,490,782
Total for seven years	8,575,766	4,805,253	1,154,555	14,535,574	2,814,997	17,350,571

It will be seen from the above table that in 1914 the production of bituminous and semi-bituminous coal amounted to 1,494,313 tons. With the exception of the year 1916, which showed an increase of 17,674 tons over the previous year, there has been a steady decline each year in production, the lowest point during the seven-yearly period being reached in 1920, when the output totalled 923,575 tons only—a decrease when compared with the previous year of 37,532 tons, and of 570,738 tons when compared with 1914.

When it is pointed out that most of our important industries and public services depend on bituminous coal for carrying on their activities, it will be appreciated how difficult has been the task during recent years, in view of the falling-off recorded, in allocating sufficient coal for their requirements, especially when it is borne in mind that there has been a considerable increase in consumption by most of the services indicated, as compared with 1914. The large increase in importations, to which attention has already been directed, has been a prime factor in enabling operations to be continued without interruption, and also in the building-up of reserve stocks.

During the period under review there has been a very substantial increase in the production of lignite coals, chiefly in Otago and Southland, the figures in this connection showing an increase of 114,508 tons, or 127 per cent., over the output recorded for 1914. Lignites are, however, quite unsuitable for use by the services mentioned, and are used chiefly for domestic and other local requirements in the districts where the mines are situated. The output of the brown-coal mines amounted to 715,709 tons last year, as against 684,331 tons for the previous year—an increase of 31,378 tons, and of 24,342 tons when compared with 1914. The improvement recorded in production in this direction has been of substantial benefit to the districts in close proximity to the mines, and other districts linked up by the railway system, but its unsuitability for our main industries and services, together with the extremely friable nature of the coal, has presented obstacles in the way of shipping the surplus to North Island ports, where a shortage of bituminous coal for domestic and other purposes has been in evidence at various periods throughout the year.

In connection with importations, it has to be stated that the quantity imported last year established a record—the large total of 647,077 tons being reached. The countries of origin are approximately as follows: Australia, 586,563 tons; Japan, 26,438 tons; Canada, 5,933 tons; South Africa, 12,186 tons; America, 15,957 tons: total, 647,077 tons.

The Railway Department, in order to supplement supplies from local mines and Australia, arranged for shipments from other sources, and their action in this respect has permitted of larger allocations being made to industries and other public services from local and Australian supplies than would otherwise have been possible, and at considerably less cost to the users. The various overseas and local shipping interests have also assisted by bringing cargoes of bunker coal from Australia and elsewhere for the requirements of their vessels loading in New Zealand for Home ports; the quantity brought into New Zealand for this purpose representing approximately 200,000 tons. It should be explained here that the Customs Department only show in their official return of importations the quantity of coal entered for home consumption—coal transferred from vessels to hulks for subsequent use as bunker coal not being included. The Coal-control Office, however, includes all coal brought to New Zealand, whether landed or not, and this difference in procedure, together with the difference between pit certificate and landed weights, accounts for the apparent discrepancy in the two sets of figures.

In the last report the difficulty in securing sufficient shipping tonnage for lifting coal, hardwood timber, and other essential commodities from Australian ports was stressed. During the past year, owing to the large increase in new tonnage and scarcity of cargo from Home and foreign ports, due to industrial disturbances and other economic causes, a marked improvement took place, and the difficulty during the past year has not been lack of shipping tonnage, but of cargo, both coal and general.

With reference to the freighting of coal, the action of the Commonwealth authorities in July last in controlling the output of the Maitland mines had the effect of decreasing supplies of this coal for New Zealand requirements, and seriously delaying vessels engaged in the trade. In this connection, however, the Commonwealth authorities recently advised that the embargo had been lifted, and that New Zealand requirements would in future be treated on a parity with those of inter-state—the collieries at Newcastle giving an undertaking to provide fully for Australian and New Zealand orders before shipping coal to foreign markets. This arrangement will ensure ample supplies of the best Newcastle coal for gasmaking and other essential industries in the Dominion, and removes the difficulties that have been so much in evidence during the last twelve months.

Before leaving the subject of shipping it should be stated that the Union Steamship Company (Limited), which has carried for many years past the bulk of the coal imported from Australia, has during the year placed a number of their new up-to-date cargo-steamers in the trade, and the arrangements for the transport of coal from Newcastle are now adequate.

With further reference to importations, while it is satisfactory to be able to point to the large increase recorded, which has enabled our main services and key industries to maintain in full their operations, the disadvantages from a financial and economic standpoint of being so largely dependent on outside sources of supply cannot be too strongly emphasized. It is trusted that now more miners are available for manning the mines on the West Coast a steady improvement in outputs will be secured, and if work continues uninterruptedly throughout the year it should be possible in the near future for our industries and services to obtain a larger proportion of their requirements locally than has been the case for some years past. Should this come about it will have the effect of lessening our dependence on imported coal, and of circulating the money expended in production and other relative charges amongst our own people, instead of it being spent, as at present, in other countries.

In dealing with the question of household supplies during the period control has been in operation, every effort has been made to allocate as much as possible for this purpose, but with the decline in production on the West Coast it was unavoidable that supplies for domestic use had to be restricted from time to time, as had such action not been taken a curtailment in the activities of many industries and public services would have resulted. It is satisfactory in this connection to be able to state that supplies of suitable coal are plentiful this winter, and at the time of the preparation of this report all centres are having their reasonable requirements met, and have accumulated reserve stocks as well. It may be mentioned that Wellington's position in regard to coal-supplies is somewhat different from the other main centres, inasmuch as practically the whole of the domestic coal required is sea-borne. Consequently, supply is subject to more frequent interruptions owing to dislocation of shipping, and other causes affecting the movements of steamers, than is the case where supplies are railed direct from the collieries. Then, again, Wellington's supply is confined largely to bituminous coal, which, as indicated earlier in this report, shows a much greater falling-off in recent years than any other class mined in New Zealand. This coal, as has been frequently pointed out, is essential for all our main services—freezing, gasworks, &c.—and their requirements in the public interest had, of course, to take precedence. It will be readily seen, therefore, that any substantial increase in the allocations for household purposes, having regard to the shortage existing at different periods, could only have been effected by withdrawing equivalent quantities of coal from industries and services; and, as they are essential to the welfare and prosperity of the Dominion, any interference with their activities would certainly have resulted in widespread disorganization of trade, unemployment, and financial loss to all concerned.

Having regard to the improved condition of supplies, the lifting of the restrictions on the export of Newcastle coal to New Zealand, and increased production in the local mines, Government decided in the early part of August that the time had arrived when the Coal-trade Regulations could with safety be lifted—ample supplies of coal for all purposes being assured. Accordingly, by *Gazette* notice published on the 25th August, the several coal-trade districts were abolished and the Committees dissolved as from the 31st of that month. The general regulations will be revoked later by Order in Council.

The above action brings to a close the activities of one of the most important Departments created by war conditions. It may be mentioned that Part I of the Coal-trade Regulations was gazetted on the 5th February, 1917, but Part II, which is the operative portion, was not brought into operation until the 29th August of the same year. The Committees at Wellington, Christchurch, and Auckland were gazetted in the October following. The Dunedin Committee, however, was not set up until the 10th May, 1918, as conditions up to that date were much more favourable in the Otago District regarding supplies than in the other main centres.

In connection with the improved position of supplies which has influenced Government in its decision, several causes have contributed, the very large increase in importations during the past two years being the most important. Other factors have been, a much lessened demand for coal for bunkering purposes and for carrying on our main industries and services, the prevailing slackness of business being no doubt the explanation of the decreased demand. The remarkably fine weather experienced this winter has also eased the demand for coal for domestic use, and the present monetary tension is causing many important public services and industries to exercise extreme caution in placing orders, which are being limited to actual bare requirements.

While it can be claimed that the position is now reasonably safe, and the immediate outlook more hopeful than has been the case for some years, the special features mentioned as having contributed to this improvement must be given due weight. It must be borne in mind that no improvement so far has been recorded in the outputs of the principal West Coast mines, and the coal position in the Dominion will not be entirely free from anxiety until such time as the production of the best hard coal approximates more closely to the demands of our principal industries and services.

During the four years the regulations have been in force the Dominion has had many close calls in connection with its coal-supplies; but, owing to the careful supervision exercised over distribution by the Coal-control Office and the committees in charge of the respective coal-trade districts, supplies were allocated in such a manner that essential industries and public services were enabled to carry on without any curtailment of their activities. The work arising out of the control and distribution of coal entailed a large amount of work on the part of the Department and Coal-trade Committees, and I wish on the termination of control to tender congratulations to all concerned on the satisfactory results achieved.

With regard to the current year, a review of the first seven months in comparison with the same period last year discloses—as shown in the following table—an increase in the outputs of the Dominion mines of 4,881 tons, and in importations of 254,916 tons, making a total increase of 259,797 tons over the corresponding seven months of 1920.

When the increase in the outputs of the Dominion mines is analysed it is found, however, that a decrease of 16,433 tons has taken place in the production of bituminous and semi-bituminous coals. Brown and lignite mines in the South Island also show a decrease (12,897 tons); but, on the other hand, the production of brown coals in the North Island has increased by 34,211 tons for the period under review; the net result being an increase, as already stated, of 4,881 tons. The loss of output in the principal mines on the West Coast is somewhat surprising in view of the fact that additional miners have been employed in several of the collieries for some time past, and a substantial improvement in output was consequently expected. Recently some slight improvement has taken place in one or two of the principal mines on the West Coast, and it is hoped that the figures for the balance of the current year (when available) will disclose better results than have been secured for the first seven months.

COMPARATIVE STATEMENT OF OUTPUTS AND IMPORTATIONS FOR THE SEVEN MONTHS OF THE CURRENT YEAR ENDED 31ST JULY, 1921, IN COMPARISON WITH THE CORRESPONDING PERIOD OF 1920.

	Monthly Outputs, Im- portant Mines.		Importations.		Combined Outputs and Importations.		Increase.
	1920.	1921.	1920.	1921.	1920.	1921.	
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
January ..	111,132	105,911	48,475	69,116	159,607	175,027	15,420
February ..	114,921	127,324	44,466	103,532	159,387	230,856	71,469
March ..	144,305	136,639	45,646	86,561	189,951	223,200	33,249
April ..	128,787	153,544	36,078	77,596	164,865	231,140	66,275
May ..	144,040	145,310	38,768	72,024	182,808	217,334	34,526
June ..	152,366	144,205	35,854	81,454	188,220	225,659	37,439
July ..	152,642	140,141	57,644	71,564	210,286	211,705	1,419
Totals ..	948,193	953,074	306,931	561,847	1,255,124	1,514,921	259,797

The business of the Firewood Depot continues to expand, the general public appreciating the facilities provided for obtaining supplies of the best firewood at reasonable cost. During the financial year 2,830 cords of firewood were disposed of, and the depot at the 31st March last held a stock of 2,416 cords of first-grade firewood. Sales during the past few months have been somewhat slow owing to the exceptionally mild winter, but a change to colder conditions should bring about an improvement in this respect. The depot is now capable of dealing with an outturn of from 30 to 40 cords daily. Labour-saving devices have been installed wherever possible in order to minimize handling and to reduce working-expenses to the lowest possible point. During the year a slight increase was made in the selling-rates of all grades of wood to cover the advance in price demanded by wood-suppliers in the country districts, and to provide for increases in railway freights, cartage, and labour employed in the yard. Notwithstanding the increase referred to, prices are lower than those charged by competing firms for similar classes of wood. Inquiries made in country towns adjacent to the sources of supply indicate that the rates charged to householders there are considerably in excess of the present selling-rates from the Government depot. There is no doubt that the establishment of the Firewood Depot during a period of acute shortage of coal for domestic use has been of great benefit to the householders of Wellington and suburbs, and has minimized the inconvenience and hardship they would otherwise have suffered. In consequence of the termination of the activities of the Coal-control Department the Mines Department will in future be charged with the administration of the Firewood Depot as from the 1st September.

Before concluding this report I wish to again record my appreciation of the services rendered by the Coal-trade Committees in the four centres, together with the honorary representatives of same in other districts, for the exceptionally good work they have accomplished in the public interest during the period coal-control has been in operation, and to assure them that the gratuitous services they have rendered are fully appreciated by Government and all consumers of coal throughout the Dominion.

The assistance rendered by the Post and Telegraph, Railway Department, and the Harbour Board in connection with the establishment and working of the Firewood Depot is acknowledged; likewise the assistance of the Customs and Marine Departments, and the Government Statistician's Office in regard to various phases of the Coal-control Department's work. The Collectors of Customs at the different ports have rendered valuable assistance in supplying statistical information relative to coal matters and the movements of steamers carrying coal. I have also to compliment the staffs of the Coal-control Department and the Firewood Depot on the efficient manner in which they have always carried out their duties, and to assure them that their loyal service under sometimes most difficult and trying circumstances has been appreciated.

D. H. GUTHRIE, Acting Minister in Charge.

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