

1916.
—
VICTORIA.

ANNUAL REPORT OF THE GENERAL MANAGER OF STATE COAL MINES

TO

THE HONORABLE H. MCKENZIE, M.P.
MINISTER FOR RAILWAYS FOR VICTORIA :

INCLUDING

THE STATE COAL MINES BALANCE-SHEET, AND STATEMENT OF
ACCOUNTS DULY AUDITED, ETC.,

FOR THE

YEAR 1915-16.

PRESENTED TO BOTH HOUSES OF PARLIAMENT IN PURSUANCE OF SECTION 93 OF THE COAL
MINES REGULATION ACT 1915.

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STATE COAL MINES, VICTORIA.

Wonthaggi,
3rd November, 1916.

SIR,

In accordance with the provisions of the Coal Mines Regulation Act No. 2630, I have the honour to submit to you, for presentation to Parliament, my Annual Report, together with the balance-sheet and statement of accounts covering the operations of the State Coal Mine at Wonthaggi, for the year ended 30th June, 1916.

FINANCIAL.

It will be seen on reference to the balance-sheet and profit and loss account that, after paying working expenses, including interest, and providing for—

Depreciation, which is estimated to amount to	..	£30,954
and Sinking Fund contribution of	..	10,760
		£41,714

the working of the mine has resulted in a net surplus of £1,589 0s. 4d.

It will be noted that I have estimated depreciation for the financial year 1915-16 at £30,954, and for the whole period from the opening of the mine to 30th June, 1916, at £130,954. This estimate, in my opinion, makes ample allowance for the whole of the depreciation which has accrued up to 30th June, 1916.

I may remark that, owing to the faulted nature of the coal seams, and the shallow depth of the coal, the main factor in depreciation is obsolescence, not wear and tear.

STATISTICAL.

The gross output for the year was 452,798 tons 10 cwt. 1 qr. of run-of-mine coal, and the total quantity disposed of (exclusive of sales *ex* reserve stock) was 433,522 tons; the difference being accounted for by—

- (a) Local consumption, including coal sold to miners;
- (b) Allowances and waste.

The monthly consignments were as follows:—

1915.	Tons	cwt.	qrs.
July	60,482	14	0
August	45,193	3	2
September	40,438	5	0
October	43,974	8	3
November	41,195	11	0
December	26,508	3	2
1916.			
January	17,535	7	3
February	18,033	9	2
March	34,023	4	3
April	34,870	17	1
May	44,330	11	2
June	26,936	3	2
Total	433,522	0	0

The coal produced was of the following grades :—

	Tons.	cwt.	qrs.
Screened	266,560	5	2
Run-of-mine	7,322	6	1
Slack	159,639	8	1
Total	433,522	0	0

and was disposed of as under :—

—	Screened.			Run-of-mine.			Slack.			Total.		
	tons	cwt.	qrs.	tons	cwt.	qrs.	tons	cwt.	qrs.	tons	cwt.	qrs.
Sold to Railway Department ..	254,542	2	2	7,322	6	1	13,793	5	0	275,657	13	3
Sold to Public Departments ..	12,018	3	0	..	..	..	300	5	3	12,318	8	3
Sold to the General Public ..	..	..	..	..	..	..	145,545	17	2	145,545	17	2
	266,560	5	2	7,322	6	1	159,639	8	1	433,522	0	0

The average number of employees throughout the year was 1,015, comprising—

Coal miners	442
Wheelers	93
Others below ground	206
Surface men	274
	1,015

The mine worked 247 days, and the average earnings of the miners were 14s. 6·16d. per day, after deducting cost of explosives and lights.

I regret to report the occurrence of a fatal blasting accident in McBride Tunnel.

SELLING PRICE OF COAL.

At the date of writing, the selling price of coal delivered into trucks at the pit's mouth is—

	Screened per ton.	Run-of-mine per ton.	Slack per ton.
To Railway Department ..	13s. 3d.	10s. 10d.	7s. 3d.
To other Public Departments	14s. 0d.	11s. 9d.	8s. 6d.
To the General Public ..	..	..	8s. 6d.

In respect of the Railway Department, these prices operated for coal supplied during the financial year under review, and taking into consideration the calorific value of the State Mine coal as compared with that of New South Wales used by the Railway Department, these rates are equal to the price paid by that Department for New South Wales coals.

LABOUR.

The working agreement entered into on 18th July, 1913, terminated on the 17th January, 1916, and on the 6th March a new working agreement covering a period of twelve months from that date was entered into, and was made retrospective from 1st January, 1916.

Although operative only half the year, the result of the increases granted in this new agreement is disclosed hereunder :—

Net average earnings of contract miners after deducting cost of explosives and lights—

Financial year 1913-14 ..	13s. 11·49d. per shift.
Financial year 1914-15 ..	13s. 11·64d. per shift.
Financial year 1915-16 ..	14s. 6·16d. per shift.

The mine lost twenty-three days owing to the refusal of the employees to remain at work whilst the new agreement was under discussion, and other short stoppages were occasioned by sectional strikes and stop-work meetings, while employees also absented themselves for one and one-half days in connexion with the fatal accident hereinbefore referred to.

Great difficulty has been experienced in filling the places of employees who, to the number of about 400, enlisted in the Australian Imperial Forces, and in addition the efficiency of the persons appointed is, as might be expected, considerably lower than that of the men whose places they took.

BORING.

During the year under review five boring plants have been constantly in operation—each working three shifts per day.

One hundred and twenty bores were completed, and an aggregate of 55,204 feet of boring was accomplished.

Twenty bores, aggregating 16,832 feet of boring, have been put down in the Wonthaggi East area, for the purpose of more accurately proving the thinly-bored seam in that locality, and have, so far, practically confirmed previous estimates.

Nine bores, aggregating 5,949 feet, have been put down in a hitherto unbored area near the mouth of the Powlett River, in the extreme western portion of the State mine area. While coal of workable thickness has been proved by some of these bores, the seam appears to be heavily faulted, and in places split up, and I therefore deem it inadvisable to add the coal proved to my previous estimates.

The remainder of the boring was undertaken for the purpose of closer boring areas in course of development, and of proving the lower seam already being developed from No. 10 pit and McBride tunnel.

Generally speaking, while much useful and necessary information has been gained, my previous estimate of available coal reserves in the State mine area, approximately 20,000,000 tons, has been altered only by the amount of coal extracted during the year, viz.: 452,798 tons 10 cwt. 1 qr.

No. 5 PIT.

Very little coal now remains to be worked from this pit, and the output has dropped to about 125 tons per day.

NOS. 9 AND 10 PITS.

At present these pits are producing about 800 tons of coal per day. The chief falling off in output since the date of my last report has occurred in No. 9 pit, and it is due to the restriction of the seam to the East, West, and South, by faulting, and to the North by thinning out.

MCBRIDE TUNNEL.

The present output from this pit is about 550 tons per day, which is being mined from the first and second benches referred to in my last Annual Report, the tunnel length from the surface to these benches being respectively 1,710 feet and 1,877 feet. The tunnel has been extended 1,500 feet beyond the second bench, and it has still to be driven about 800 feet to cross the big downthrow fault to the North, and to cut the third coal bench estimated to contain over 4½ million tons of coal. This work is being pushed ahead with all possible speed.

THE EASTERN AREA.

A new winning has been started to the east of the Wonthaggi township to develop the Eastern Area, which has been proved by boring to contain over 6,000,000 tons of coal, occurring in three benches at different levels due to the faulting of the coal seam.

It is proposed to enter this area by means of an inclined tunnel which will cut the three benches; this has already been driven 167 feet, and it should reach the first bench, 759 feet, if driven without a stoppage, about April, 1917, and the second bench, 1,782 feet, about February, 1918.

The electric mains have been run from the power-house to the tunnel site, 2½ miles, and a sub-station has been installed fitted with the necessary machinery for driving the tunnel; including haulage, pumping, ventilating, and air compressing engines.

It will be necessary to erect a screening and loading plant at the site, to construct railway sidings, and to connect the same with the main line.

Although developmental work will be carried on as expeditiously as possible, it is not anticipated that coal will be available in any considerable quantity from this mine till towards the middle of the year 1918.

THE ELECTRICAL PLANT.

The main generating station has continued in successful operation throughout the year, also the sub-stations:

WORKSHOPS.

The whole of our repair work during the year has been done in our workshops, and much new work has been successfully and economically performed.

COAL CUTTING MACHINES.

The electrical coal cutting machines have continued in successful operation throughout the year.

GENERAL.

I stated in my last Annual Report that—

(a) The operations of the Workers' Compensation Act; and

(b) The increased cost of stores, &c., owing to the war,

had tended to increase the cost of production during the year then under review, and also that it was probable that costs would be further increased during the year now under review, owing to—

(c) Loss on working thin seams and patchy areas;

(d) an increase in wages of the lower-paid employees on account of the increased cost of living, and the general trend towards other increases in this direction.

It will have been observed that the output during the year under notice showed a considerable falling off as compared with the output of the previous financial year, and to some extent an explanation of this will be found under the heading "Labour."

In addition, however, to the restricted supply of efficient available labour, mining conditions generally were not so good as in the previous (1914-1915) financial year; machine mining was restricted, thinner coal was worked, and more "faults" had to be negotiated.

It will, therefore, be recognized that these factors acted adversely on the output, and had the effect of inflating working expenses in the direction indicated in my Annual Report for the Financial Year 1914-1915, while as intimated in that report also the increased wages and piece-work rates granted to employees under the new agreement dating from 1st January, 1916, were responsible for a further increase in the cost of production, and to an extent greater than I anticipated when submitting my last report.

Notwithstanding the difficulties of working above enumerated the output of coal for the year was among the four largest of Australian mines.

I have the honour to be,

Sir,

Your obedient Servant,

GEO. H. BROOME,
General Manager, State Coal Mines.

The Honorable H. McKenzie,
Minister for Railways, Melbourne.

STATE COAL MINE, WONTHAGGI.

BALANCE-SHEET AT 30TH JUNE, 1916.

LIABILITIES.				ASSETS.								
				£	s.	d.						
				£	s.	d.	£	s.	d.	£	s.	d.
Loan Liabilities, Act No. 2240				150,000	0	0	Unexpended Balance of Loan Moneys			8,915	10	2
<i>Less</i> redeemed from Sinking Fund				7,050	0	0	Works, Machinery, and Plant constructed or purchased from Capital (at cost)—					
				142,950	0	0	Land purchased			4,127	9	4
Loan Liability, Act No. 2429				100,000	0	0	Shaft sinking, Development, &c.			74,813	10	9
				242,950	0	0	Buildings, Poppet Heads, &c.			25,606	17	3
Deduct Expenses of Flotation				601	8	2	Machinery			35,603	16	0
							Electric Plant			53,050	3	0
Stores Suspense Liability							Rails, Tubs, Ropes, Plant, &c.			43,822	7	2
Sundry Creditors							Homes, Harness, &c.			2,139	6	4
							Office Furniture and Scientific Instruments			1,319	11	10
										240,483	1	8
Sinking Fund Account—	£	s.	d.				<i>Less</i> Depreciation—written off			121,090	12	4
Forward from 1914–15	45,584	10	1				Works, &c., constructed from Depreciation Fund (at cost)			38,276	4	0
Appropriated 30.6.16	10,760	0	0				<i>Less</i> Depreciation—written off			9,863	7	8
Interest earned	1,195	3	11				Stores on Hand			28,412	16	4
	57,539	14	0				Sundry Debtors			23,334	4	0
Depreciation Fund Account—							Cash at credit of State Coal Mine Suspense Account			935	10	0
Forward from 1914–15	101,024	10	7				Bank Deposit Receipts and other Securities held as Deposits on Contracts, &c.			873	0	0
Appropriated 30.6.16	32,543	0	4							1,808	10	0
Interest earned	1,186	2	8				Sinking Fund—Cash			10,760	0	0
	134,753	13	7				Invested in Government Stock			39,729	14	0
<i>Less</i> written off Assets	130,954	0	0							50,489	14	0
				3,799	13	7	Depreciation Fund—Cash			61,197	2	2
							Invested in Government Stock			34,661	2	3
										95,858	4	5
				61,339	7	7				£329,039	0	10

Audited and found correct,
 F. H. BRUFORD,
 Auditor-General,
 25th November, 1916.

GEO. FALLOON,
 Accountant, State Coal Mine,
 9th September, 1916.

GEO. H. BROOME,
 General Manager, State Coal Mines,
 9th September, 1916.

STATE COAL MINE, WONTHAGGI.

PROFIT AND LOSS (WORKING) ACCOUNT FOR YEAR ENDED 30TH JUNE, 1916.

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Working Expenses, Raising and Despatching Coal ..	188,104	4	6				By Sale of Coal	241,473	5	3			
Salaries	4,160	0	0				Sundry Receipts	3,340	4	11			
Interest Paid	8,803	14	0								244,813	10	2
Owner's Contribution to Accident Fund	442	11	4										
				201,510	9	10							
Balance to Appropriation Account				43,303	0	4							
				<u>£244,813</u>	<u>10</u>	<u>2</u>					<u>£244,813</u>	<u>10</u>	<u>2</u>

PROFIT AND LOSS APPROPRIATION ACCOUNT.

	£	s.	d.	£	s.	d.		£	s.	d.		
Sinking Fund Account	10,760	0	0				Balance from Profit and Loss (Working) Account	43,303	0	4		
Depreciation Fund Account—Amount by which assets have depreciated during the year 1915-16	30,954	0	0	41,714	0	0						
Balance—being Net Surplus for the Year 1915-16 after providing for Working Expenses, Interest, Sinking Fund, and Depreciation of Assets—(Allocated to Depreciation Fund Account)				1,589	0	4						
				<u>£43,303</u>	<u>0</u>	<u>4</u>				<u>£43,303</u>	<u>0</u>	<u>4</u>

GEO. FALLOON,
Accountant, State Coal Mine,
9th September, 1916.

Correct.
F. H. BRUFORD,
Auditor-General,
25th November, 1916.

GEO. H. BROOME,
General Manager, State Coal Mines,
9th September, 1916

STATE COAL MINE, WONTHAGGI.

CAPITAL ACCOUNT.

Statement showing Receipts and Expenditure on Capital Account from the Commencement of the Mine to the 30th June, 1916.

By Authority: ALBERT J. MULLER, Government Printer, Melbourne.

RECEIPTS.				EXPENDITURE.					
			£ s. d.				Expenditure to 30th June, 1915.	Expenditure during the year ended 30th June, 1916.	Total at 30th June, 1916.
			£ s. d.		£ s. d.		£ s. d.	£ s. d.	£ s. d.
Stock issued under the provisions of Act 2240 .. .. .	..	..	*150,000 0 0	Land Purchased .. .. .	..	..	4,127 9 4	..	4,127 9 4
Stock issued under the provisions of Act 2429 .. .. .	..	..	100,000 0 0	Shaft Sinking, Development, &c. .. ..	..	..	86,696 3 11	<i>Cr.</i> 11,882 13 2	74,813 10 9
			<u>250,000 0 0</u>	Buildings, Poppet Heads, &c. .. ..	..	..	25,643 17 3	<i>Cr.</i> 37 0 0	25,606 17 3
Deduct Expenses of Flotation .. .. .	..	..	601 8 2	Machinery .. .. .	..	..	31,482 11 0	<i>Dr.</i> 4,121 5 0	35,603 16 0
				Electric Plant .. .. .	..	..	45,300 2 6	<i>Dr.</i> 7,750 0 6	53,050 3 0
				Rails, Tubs, Ropes, Plant, &c. .. ..	..	..	44,130 3 4	<i>Cr.</i> 307 16 2	43,822 7 2
				Horses, Harness, &c. .. ..	..	..	2,055 6 7	<i>Dr.</i> 83 19 9	2,139 6 4
				Office Furniture and Scientific Instruments .. .. .	..	..	1,319 11 10	..	1,319 11 10
							<u>240,755 5 9</u>	<i>Cr.</i> <u>£272 4 1</u>	<u>£240,483 1 8</u>
				Cash at Credit of Loan Account .. .. .	..	..	..	..	8,915 10 2
			<u>£249,398 11 10</u>						<u>£249,398 11 10</u>

* Note.—Of this amount £7,050 has been redeemed from Sinking Fund.

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Accountant, State Coal Mine,
9th September, 1916.

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