

1917.  
VICTORIA.

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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 1916-17.

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

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APPROXIMATE COST OF REPORT.

	£	s.	d.
Preparation—Not given.			
Printing (1,400 copies) .. .. .	..	9	0
		0	0

By Authority:

ALBERT J. MULLETT, GOVERNMENT PRINTER, MELBOURNE.

No. 37.—[9d.]—12920.

# STATE COAL MINES, VICTORIA.

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Wonthaggi,  
21st September, 1917.

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, 1917.

## FINANCIAL.

The result of working the mine, as will be seen on reference to the balance-sheet and profit and loss account, is that after paying working expenses and interest, and providing for depreciation, which is estimated to amount to £25,000, there was a loss of £20,630 0s. 6d. for the year.

## DEPRECIATION.

Including the provision for depreciation for the financial year 1916-17 as above mentioned, I estimate that the depreciation of the assets, for the whole period from the opening of the mine to 30th June, 1917, is £155,954. This estimate, in my opinion, makes ample allowance for the whole of the depreciation which has accrued up to 30th June, 1917, and with the exception of £16,830 6s. 11d. (as shown in the balance-sheet) such depreciation has been provided for by cash transferred from the Mine Income Account to the credit of the Depreciation Fund.

## SINKING FUND.

Section 96 of Act No. 2630 provides that—

After full provision has, in the case of each mine, been made for all outgoings, losses, and liabilities for the year (including interest on securities created and issued in respect of moneys raised as aforesaid, and on moneys paid out of the Consolidated Revenue and not recouped), the net surplus profits then remaining shall be applied in establishing a sinking fund in respect of stock issued in pursuance of this Part, or moneys to be recouped to the Consolidated Revenue as aforesaid, and, subject thereto, in establishing a depreciation fund in respect of capital expended.

The amount of the "net surplus profits" arrived at on the basis prescribed by the Act is £3,183 16s. 10d. as is shown by the Working Account. The whole of this amount has been allocated to the Depreciation Fund, because I am of opinion that, as the interest earned by the Sinking Fund moneys which have been invested in Government securities now amounts to a considerable sum annually, sufficient provision to the 30th June last has already been made in respect of the Sinking Fund, in accordance with the basis on which the contributions to that Fund have been calculated. The basis in question is my estimate, made in 1913, that the effective life of the mine will be 25 years from the date of its opening, and there is, at present, no further information available which would justify me in varying that estimate.

## STATISTICAL.

The gross output for the year was 372,007 tons 9 cwt. 2 qrs. of run-of-mine coal, and the total quantity disposed of was 351,731 tons 5 cwt. 3 qrs.; the difference being accounted for by—

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

The monthly consignments were as follows :—

1916.				Tons	cwt.	qrs.
June 22-30	..	..	..	12,462	14	3
July	..	..	..	24,567	15	0
August	..	..	..	39,156	17	3
September	..	..	..	31,348	0	0
October	..	..	..	29,575	1	3
November	..	..	..	1,498	5	2
December	..	..	..	22,195	8	1
1917.						
January	..	..	..	35,091	15	1
February	..	..	..	35,058	17	0
March	..	..	..	35,689	2	3
April	..	..	..	27,890	11	1
May	..	..	..	36,081	7	3
June 1-20	..	..	..	21,115	8	3
Total	..	..	..	351,731	5	3

The coal produced was of the following grades :—

	Tons.	cwt.	qrs.
Screened	207,430	8	3
Unscreened	5,947	6	0
Slack	138,353	11	0
Total	351,731	5	3

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	192,182	0	1	5,947	6	0	12,539	15	0	210,669	1	1
Sold to Public Departments	15,248	8	2	..	..	..	78	12	0	15,327	0	2
Sold to the General Public	..	..	..	..	..	..	125,735	4	0	125,735	4	0
	207,430	8	3	5,947	6	0	138,353	11	0	351,731	5	3

Some of the factors that contributed to the falling off in the output for the year under review, as compared with the previous financial year, and the approximate amount of tonnage lost, are set out hereunder :—

Cause.	Approximate effect loss of output. Tons.
Strikes	67,117
Employment of comparatively unskilled men on account of enlistments	8,015
Working thin and faulty seams	15,860
Reduction in working hours on "back" Saturday (Order of War Precautions Coal Board)	3,490
Shortage of miners, &c., &c.	5,640
Loss of two and one-half shifts in connexion with fatal accident	2,000
	102,122

Other factors, including the following, contributed to a reduction in output :—Bad roof and floor conditions, steeper inclination of the coal seam and bands of dirt interstratified with the coal seam. While these conditions operated adversely on the output per miner per shift and caused a restriction on machine mining, it is difficult to form even an approximate estimate of the loss in tonnage so caused.

The average number of employees throughout the year was 1,161, comprising :—

Coal miners	..	..	..	..	..	498
Wheelers	..	..	..	..	..	146
Others below ground	..	..	..	..	..	251
Surface men	..	..	..	..	..	266
						1,161

The increase in labour employed underground in each of the first three classes shown above as compared with the previous financial year, is accounted for by the fact that the average quality of this class of labour has deteriorated somewhat, owing to enlistments, while the worse mining conditions referred to involved the employment of a greater number of men during the year under review for a lesser output than that obtained in 1915-16.

#### SELLING PRICE OF COAL.

The prices received at the mine for coal supplied for the financial year ended 30th June, 1917, were as follows :—

#### SUPPLIED TO RAILWAY DEPARTMENT.

Screened	..	..	..	..	..	15s. 8d. per ton
Run of mine	..	..	..	..	..	13s. 4d. „
Slack	..	..	..	..	..	9s. 10d. „

The prices paid by the Railway Department for screened and run of mine coal supplied by the State Mine were based having due regard to the relative value of the coal, as compared with coal received oversea from New South Wales during the period under review, in addition to which a preference of 1s. 3d. per ton on screened, and a proportionate allowance on run of mine coal, was paid. The prices shown represent the average throughout the year and included the increases granted as the result of Judge Edmunds' Award.

#### SUPPLIED TO PUBLIC DEPARTMENTS.

			From 1/7/16 to 31/1/17 per ton.		From 1/2/17 to 30/6/17 per ton.
Screened	..	..	14s. 0d.	..	16s. 0d.
Run of mine	..	..	11s. 9d.	..	13s. 9d.
Slack	..	..	8s. 6d.	..	12s. 0d.

#### SUPPLIED TO PUBLIC.

			From 1/7/16 to 6/12/16 per ton.	From 7/12/16 to 25/1/17 per ton.	From 26/1/17 to 30/6/17 per ton.
Slack	..	..	8s. 6d.	..	10s. 0d.
				..	12s. 0d.

No screened or run of mine coal was sold to the public during the year under review.

#### LABOUR.

The working agreement which was to have been operative for a period of twelve months from the 6th March, 1916, was varied by the Orders of the War Precautions Coal Board in December, 1916, when substantial increases in wages and piece-work rates were granted to all employees as from 1st January, 1917.

Although these increases were operative only half the year; the result of the increases is disclosed in the daily average wage of miners as shown 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. „
Financial year 1915-16	..	..	14s. 6.16d. „
Financial year 1916-17	..	..	16s. 2.10d. „

The mine lost 25 days owing to sympathetic strikes concerning troubles in another State, seven days were lost on account of a strike of engine-drivers, &c., and other short stoppages were occasioned by sectional strikes and stop-work meetings; while employees also absented themselves for one and one-quarter days in connexion with a fatal accident to a miner, due to a fall of roof stone in No. 10 Pit.

The total amount of time lost during the year on account of strikes and the like was 38 days.

#### BORING.

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

One hundred and fourteen bores were completed, and an aggregate of 56,276 feet of boring was accomplished.

Thirty-one bores have been put down in the McBride Area for the purpose of closer boring, more especially to prove the lower seam. The boring has proved this lower seam to be of better value, and of greater extent than previously estimated.

Thirty-four bores have been put down in the eastern area, ten of which towards the east have given satisfactory results, and have slightly increased the quantity of reserve coal. The remaining 24 have been put down around the Eastern Area tunnel for the purpose of facilitating the development of No. 1 bench, and whilst maintaining the previous estimate of quantities, have proved this area to be much disturbed by faulting.

Twenty bores have been put down in the Western Area near the mouth of the Powlett River, resulting in an increase of proved coal in this area; but, unfortunately, the seam still maintains the same faulted and banded characteristics mentioned in my last report.

Five bores have been put down in the south-west corner of the sparsely bored Northern Area, and have given satisfactory results. Seven bores have been put down in North Wonthaggi, but have failed to prove the existence of a profitable seam. Twelve bores have been put down at Cape Patterson, covering a wide coastal area, and have proved it to be practically non-coal bearing, most of the bores running into Silurian strata without meeting coal.

Notwithstanding the fact that the year's boring operations have somewhat increased the estimated quantities in the McBride Area, the Eastern Area, and the Western Area, there is no justification for increasing my last year's estimate of available coal, owing to the fact that certain thin and banded seams of coal included in that estimate have proved unprofitable to mine during the past year.

After deducting last year's and this year's outputs from the 20,000,000 tons of estimated available coal, as per my last year's estimate, a balance of about 19,175,000 tons remains to be extracted; or, if the areas containing thin and banded seams of coal, similar to the seams that have proved unprofitable to mine during the past year, be eliminated, about 17,000,000 tons.

#### No. 5 PIT.

This area is now worked out with the exception of the pillars left for the support of the railway line, sidings, &c.

#### Nos. 9 AND 10 PITS.

At present, these pits are producing from 800 to 900 tons of coal per day; most of the coal in No. 9 Pit being produced from the pillars, which are being worked back towards the shaft.

#### MCBRIDE TUNNEL.

At present, the output from this pit is from 800 to 900 tons per day, which is being mined from the first and second benches referred to in my last two annual reports.

The third bench of coal has now been struck in the extension of the tunnel, at a distance of 2,300 feet beyond the second bench. The thickness of the coal in this third bench, according to the bores, varies from 50 to 78 inches, and the inclination of the seam generally is about one in five.

### THE EASTERN AREA.

The main tunnel has been driven a total distance of 939 feet, the first bench being struck at 794 feet, from the opening set of timber. Prospecting headings are now being driven east and west with a view to developing this bench at an early date, should it be found profitable to do so, otherwise development will be delayed until the second bench—the estimated distance from the surface to which is 1,782 feet—has been reached. A pumping station site has been completed and the necessary delivery pipes through bore holes have been installed.

The heapstead building is now ready to receive the coal handling machinery.

The permanent electrical substation and haulage engine-room building is completed, and the machinery foundations are in progress and will shortly be ready to receive their equipment.

The railway sidings formation has been completed and track laying is in progress.

The plans of that portion of the machinery which is necessary before coal-getting operations can commence, have been prepared. Part of this is being manufactured in the mine workshops, and contracts have been let for the remainder.

As previously stated in my Annual Report 1915-16, it is not anticipated that an output of any considerable quantity will be available till the middle of the year 1918.

### THE ELECTRICAL PLANT.

The main generating station has continued in successful operation throughout the year, also the substations.

### WORKSHOPS.

Extensions have been made to the workshops, and a small brass foundry has been installed, enabling the whole of our brass casting to be done on the mine both successfully and economically.

The whole of the repair work during the year has been done in our workshops, much new work has been performed, and the manufacture of machinery and equipment for the Eastern Area is now in hand.

### COAL CUTTING MACHINES.

Although for the reasons hereinbefore referred to, there was a considerable falling off in the amount of coal obtained by machine mining, the electrical coal cutting machines have already repaid the capital invested in them, while the machines in use during the year continued to operate successfully and economically.

### GENERAL.

During the past year the cost of production increased materially and to such an extent as to exceed the value of the product on the rates obtainable, with the result that a loss of £20,630 0s. 6d. was made on the year's working.

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 the reduction in output had, *per se*, the effect of increasing the cost of production per ton, as the "overhead" expenses are not reducible in proportion to the output. In this connexion it is pointed out that strikes had the effect of reducing the output during the year under review by 67,117 tons, and that in connexion with the time lost on account of strikes, namely 38 days, 26½ days were lost as the result of disturbances, &c., that had no relation to the State Coal Mine, nor to the conditions of employment of the State Coal Mine employees, and this result can be regarded in no other light than inimical to the welfare both of the mine and of the employees, especially as it is admitted that the conditions for the workers at the State Coal Mine are better than New South Wales' conditions; certainly much better above ground.

In connexion with the stoppage of operations that occurred in November, 1916, when the mine was thrown idle by the employees striking in sympathy with the employees of the collieries in New South Wales, the Government approved of the application to the State Coal Mine of the jurisdiction of the War Precautions Coal Board in order to put no obstacle in the way of a resumption of operations. This Board, in the Order that brought about a resumption of work, awarded certain substantial

increases on the understanding that a period of industrial peace should operate throughout the coal mines of Australia for a period of three years; notwithstanding this, the State Coal Mine was thrown idle for a period of eighteen days during August and September, again in sympathy with an industrial disturbance in another State.

Whilst rates equal to those of the New South Wales collieries are paid at the State Coal Mine, the conditions of employment at the latter Mine are better, and continuity of employment is assured. With equal rates, competition with the New South Wales collieries is difficult, because of the thin and faulty seams and the bad and irregular character of the coal formations at the State Coal Mine. The organization, equipment, and economical operation of the State Coal Mine compare very favorably with those of the best mines in New South Wales; but, on the other hand, as indicated above, the latter are immeasurably better off than the State Coal Mine in respect of the coal seams and the character of the formation, so that they can consequently produce coal at a much lower cost.

In order to relieve the position somewhat, the Government recently provided for the sale to the public of the coal obtained from the thin seams which could not be economically worked at the price obtained from the Railway Department for screened coal; the alternative being the abandonment of these seams and the dismissal of about 200 men.

Shortly after this decision to sell coal from these seams to the public was arrived at, the War Precautions Coal Board gave an unexpected additional payment to the miners working in these low banded seams, although the men were previously making good wages, and as this decision will increase the mining costs in these already unprofitable areas very considerably, it would appear now that, even in selling coal to the public, there is little possibility of making this coal pay under present conditions.

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.

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STATE COAL MINE, WONTHAGGI.

WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1917.

1917.	£	s.	d.	£	s.	d.	1917.	£	s.	d.	£	s.	d.
June 30.							June 30.						
To Working Expenses, Raising and Despatching Coal ..	224,652	13	8				By Sale of Coal ..	238,280	9	9			
Salaries .. .. .	4,590	11	0				Sundry Receipts .. .. .	3,451	16	4			
Interest .. .. .	8,803	14	0								241,732	6	1
Owner's Contribution to Accident Fund ..	501	10	7										
				238,548	9	3							
Balance carried to Profit and Loss Account ..				3,183	16	10							
				<u>£241,732</u>	<u>6</u>	<u>1</u>					<u>£241,732</u>	<u>6</u>	<u>1</u>

PROFIT AND LOSS ACCOUNT.

1917.	£	s.	d.	£	s.	d.	1917.	£	s.	d.		
June. 30.							June 30.					
To Depreciation accrued for the year .. .. .	25,000	0	0				By Balance from Working Account .. .. .	3,183	16	10		
Less Interest earned during the year on the investments of the Depreciation Fund .. .. .	1,186	2	8				By Balance—Loss after providing for Depreciation, but not for a contri- bution to the Sinking Fund .. .. .	20,630	0	6		
				23,813	17	4						
				<u>£23,813</u>	<u>17</u>	<u>4</u>						
										<u>£23,813</u>	<u>17</u>	<u>4</u>

GEO. FALLOON,  
Accountant, State Coal Mine,  
21st September, 1917.

Correct,  
F. H. BRUFORD,  
Auditor-General,  
29th September, 1917.

GEO. H. BROOME,  
General Manager, State Coal Mines,  
21st September, 1917.

