

1918.

VICTORIA.

ANNUAL REPORT OF THE GENERAL MANAGER OF STATE COAL MINES

TO

THE HONORABLE S. BARNES, M.P.,
MINISTER FOR RAILWAYS FOR VICTORIA;

INCLUDING

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

FOR THE

YEAR 1917-18.

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

APPROXIMATE COST OF REPORT.

	£	s.	d.
Preparation—Not given.			
Printing (300 copies)	6	0	0

By Authority:

H. J. GREEN, ACTING GOVERNMENT PRINTER, MELBOURNE.

No. 15 —[9d.]—13974.—R.881/18.

STATE COAL MINES, VICTORIA.

Wonthaggi, 17th August, 1918.

SIR,

In conformity 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, 1918.

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 profit of £5,159 4s. 11d. for the year, and, therefore, the profit and loss debit balance brought forward from last year has been reduced by that amount.

DEPRECIATION.

Including the provision for depreciation for the financial year 1917-18 as above mentioned, I estimate that the depreciation of the assets for the whole period from the opening of the mine to the 30th June, 1918, is £180,954. This estimate, in my opinion, makes ample allowance for the whole of the depreciation which has accrued up to the 30th June, 1918, and with the exception of £11,671 2s. (as shown in the balance-sheet) such depreciation has been provided by cash transferred from the Mine Income Account to the credit of the Depreciation Fund.

SINKING FUND.

No contribution is required to be made to the Sinking Fund in respect of the year 1917-18, as I am of opinion that, in accordance with the basis explained in my last report, the amount at the credit of that Fund is sufficient to cover the provision required up to the 30th June last. The full amount of the "net surplus profits" (£28,973 2s. 3d.) arrived at on the basis prescribed by the Act has, therefore, been allotted to the Depreciation Fund.

STATISTICAL.

The gross output for the year was 382,866 tons 12 cwt. of run-of-mine coal, and the total quantity disposed of was 360,914 tons 4 cwt. 1 qr., the difference being accounted for by—

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

The monthly consignments were as follows :—

	Tons.	cwt.	qrs.
1917.			
June 21-30	11,410	9	2
July	36,964	18	3
August	24,274	15	2
September	22,222	16	2
October	40,347	2	0
November	37,913	13	2
December	18,770	14	0
1918.			
January	33,357	6	3
February	30,979	7	0
March	25,932	15	3
April	23,890	10	2
May	35,804	8	1
June 1-19	19,045	6	1
Total	360,914	4	1

The coal was disposed of in the following grades :—

	Tons.	cwt.	qrs.
Screened	205,319	14	3
Unscreened.. .. .	8,335	1	0
Slack	147,259	8	2
Total	360,914	4	1

and sales were made as under :—

—	Screened.			Run-of-mine.			Slack.			Total.		
	tons	cwt.	qrs.	tons	cwt.	qrs.	tons	cwt.	qrs.	tons	cwt.	qrs.
Sold to Railway Department	181,537	5	0	6,234	6	1	16,946	2	3	204,717	14	0
Sold to Public Departments	11,932	18	2	..	..	..	1,846	19	1	13,779	17	3
Sold to the General Public	11,849	11	1	2,100	14	3	128,466	6	2	142,416	12	2
	205,319	14	3	8,335	1	0	147,259	8	2	360,914	4	1

Having regard to our experience in the previous year of the deterioration in the quality of available labour, shortage of miners, &c., bad roof and floor conditions, steeper inclination of the coal seams, and bands of dirt inter-stratified with the coal seams, and to the likelihood of having to negotiate heavy dislocations in the No. 2 West Section McBride Tunnel and other places, I framed what I considered a conservative estimate (455,150 tons) as the anticipated output for the year ending 30th June, 1918, and while there was an increase in the output as compared with the previous financial year, the approximate amount of tonnage lost, as compared with my estimate, was 72,284 tons. Some of the factors which contributed to the unexpected falling off in the actual output as compared with the estimated output for the year under review are set out hereunder :—

Cause.	Approximate effect, loss of output. Tons.
Strikes and the like	43,125
Loss of four shifts in connexion with fatal accidents	3,900
Mishaps to machinery	5,300
Heavy roof and bad floor conditions, No. 3 Bench, McBride Tunnel	6,340
	<u>58,665</u>

In addition to the foregoing there was a further deterioration in the quality of available labour, and unforeseen difficulties in mining conditions. These factors undoubtedly further adversely affected the output by reducing the output per miner per shift.

The average number of employees throughout the year was 1,226, comprising :—

Coal miners	508
Wheelers	143
Others below ground	269
Surface men	306
	<u>1,226</u>

The increase in labour employed on the surface, as compared with the previous financial year, is accounted for by the necessity of employing additional labour to clean the coal, the erection of equipment and the heapstead and other buildings at the Eastern Area, and to a lesser extent by an increase in the number of artisans to cope with much of the new work which we have recently had to undertake ourselves owing to the difficulties of obtaining same as previously from manufacturers.

I regret to report the occurrence of two fatal accidents during the year.

SELLING PRICE OF COAL.

The prices received at the mine for coal supplied for the financial year ended 30th June, 1918, were as follows:—

SUPPLIED TO RAILWAY DEPARTMENT.

Screened	..	..	..	..	..	16s. 1d. per ton
Screened from thin seams	..	..	..	..	..	18s. 8d. „
Run-of-mine	..	..	..	..	..	15s. 0d. „
Slack	..	..	..	..	..	13s. 3d. „

The prices paid by the Railway Department for screened (exclusive of thin seams coal) and run-of-mine coal supplied by the State Coal Mine were based on the relative value of the coal in comparison with first grade coals obtained sea-borne from New South Wales, plus an allowance of 1s. 6d. per ton which it was estimated by the Victorian Railways Commissioners represented approximately the impost that would require to be borne by them assuming that an arrangement was made by which the other States should bear portion of the cost now solely borne by the Victorian Railway Department for conveying overland that balance of its requirements which it has to obtain in that manner owing to the fact that the Inter-State steamers employed in the coal-carrying trade from New South Wales are not capable of carrying sufficient coal to meet all the requirements of the States.

To the rate ascertained on the aforementioned basis there was then added by way of preference an amount of 1s. 3d. per ton on screened, and a proportionate allowance on run-of-mine coal.

SUPPLIED TO PUBLIC DEPARTMENTS.

Screened	..	..	..	..	..	17s. 6d. per ton
Slack	..	..	..	..	..	12s. 0d. .. 13s. 0d. .. 15s. 0d.

SUPPLIED TO THE PUBLIC.

Screened	..	..	..	..	..	18s. 8d. per ton
Run-of-mine	..	..	..	..	..	16s. 6d. „
Slack	..	..	..	..	..	12s. 0d. .. 13s. 0d. .. 15s. 0d.

It will be noted that during the year under review there was sold to the general public approximately 12,000 tons of screened coal and 2,000 tons of run-of-mine coal, and that the prices received at the mine for these products were 18s. 8d. per ton and 16s. 6d. per ton respectively.

Previous to the financial year under review, the cost of extraction of the thin seams had been averaged with the whole output, and in these circumstances we were enabled to sell the screened coal output as a whole to the Railway Department at a profit, although a loss was being made in certain sections.

In the first half of 1917 the proportion of the output obtained from the thin seams increased considerably, and we were no longer able to average the selling price and to sell it at the rate which the Railway Department was prepared to pay, and in these circumstances it became a question of either abandoning the thin seams or of disposing of the output from these areas to the general public. The Government adopted the latter alternative, and for a period of four months the output from the thin seams was sold to the public at the rates shown above. Subsequently the shipping position became acute, and the Railway Department was forced to obtain a considerable portion of its supplies overland from New South Wales, and in these circumstances it was found profitable by the Department to again take the output from these thin seams, and to pay for same at rates which had been paid by the general public.

LABOUR.

We have continued to work during the past year under the agreement of the 6th March, 1916, as amended and extended by the Orders of the War Precautions (Coal) Board, which from the 1st January, 1917, granted substantial increases in wages and piece-work rates to all employees, and which, as will be seen below, have had the effect of increasing the average earnings of contract miners by 21.5 per cent. as compared with the year ended 30th June, 1916.

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. „
Financial year 1917-18	17s. 7·56d. „

The mine lost 25½ days owing to strikes and the like, the chief of which was a stoppage of 17½ days as a result of a disturbance in another State, having no relation to the State Coal Mine nor to the conditions of employment of the State Coal Mine employees; while employees also absented themselves for two days in connexion with the fatal accidents previously referred to.

BORING.

During the year under review five plants have been constantly in operation; four working three shifts, and the other two shifts per day.

One hundred and twenty-eight bores have been completed, and an aggregate of 52,098 feet of boring was accomplished.

Central Area.—Sixteen bores were put down in this area to south and west of No. 10 pit workings. Those to the south proved the small area of coal beyond the limit of the workings to be unprofitable. To the west the average character of the seam has been maintained.

McBride Tunnel Area.—Four bores were put down in the area to the east of the No. 1 Bench, to determine the best means of developing this area. No. 3 Bench, twelve bores were put down, one for pumping, and eleven for closer boring purposes.

Northern Area.—Seven bores were put down on and beyond the western edge of this area, but they have disclosed no seams of profitable thickness.

Western Area.—The 37 bores put down have completed the closer boring of this area.

A careful estimate compiled from an analysis of the results of these bores gives a gross tonnage of 2,250,000 tons, with an average thickness of 35 inches.

It is, however, doubtful whether the area would be profitable as a separate winning, as faulting and the character of the roof would make both the development of the area and the extraction of the coal costly.

Eastern Area.—In all 42 bores have been put down in the Nos. 1 and 2 Bench Areas, three of which were for drainage (pumping), and the remainder for closer boring purposes; and, while generally maintaining previous estimates of quantities, have more fully proved the area to be so much faulted that the development of these Benches will be difficult and costly.

Ten bores have been put down in the eastern part of this Area—known as the No. 4 Bench—and have proved the southern limit of the coal, and slightly increased the previous estimate.

Generally speaking, the results of the boring operations for the year have made no alteration in my last year's estimate of 19,175,000 tons.

After deducting this year's output from the 19,175,000 tons of estimated available coal, as per my last year's estimate, a balance of about 18,792,000 tons remains to be extracted; or, if the doubtful Western Area be definitely eliminated, about 16,500,000 tons.

NOS. 9 AND 10 PITS.

These pits are producing about 650 tons per day; most of the coal in No. 9 Pit is being produced from pillars, while the greater portion of the output from No. 10 Pit is being produced from the thin seams.

The effective life of No. 9 Pit is probably a further period of ten or twelve months from the date of writing; but at the end of this period the output we are getting from this source will be taken up by the Eastern Area and McBride Tunnel Area.

MCBRIDE TUNNEL.

At present the output from this pit is about 950 tons per day, which is being mined chiefly from the first and second benches. The development of the third bench has been delayed on account of a steady inflow of water, with intermittent rushes of same, and on account of heavy roof and floor conditions.

The tunnel has been extended, towards the No. 4 Bench, a distance of 450 feet from the third bench, and is being pushed on with all speed.

EASTERN AREA.

As shown under the heading Boring, it has been found, as forecasted in my last annual report, that the coal seam at the No. 1 Bench is considerably faulted. The prospecting drives to the east and west on this bench have disclosed excessive faulting, thus the development here has been delayed pending the opening up of the second bench.

Owing to a downthrow fault, the second bench was not struck until we had driven 2,194 feet from the surface, and for this reason, and owing to the failure of the machinery contractors, due to circumstances arising out of the war, to deliver the requisite machinery and plant, including the haulage engine, pumps, and motors, and also owing to the difficulties in the way of obtaining wire ropes, the development of this bench has been retarded.

The coal-handling machinery, which was manufactured in the mine work-shops, has been available for some time, and will be installed prior to the receipt of the machinery which we are still awaiting in the circumstances set out above.

The second bench, which was recently reached, is now being developed by a drive to the west.

The tunnels are still being driven to the third bench of coal, which should be struck at a further distance of about 1,700 feet from the No. 2 Bench.

ELECTRICAL PLANT.

The main generating station has continued in successful operation throughout the year, also the sub-stations. A high tension panel has been added to the main switchboard in the power house for use in connexion with the supply to the McBride Tunnel Sub-station, and provision has also been made for further extensions when required.

WORKSHOPS.

The whole of the repair work of the mine has been performed in the shops during the past year; and, notwithstanding the shortage of mechanics, a considerable amount of new work has been successfully carried out, viz., the structural steel work, tippler, shaking screens, picking table, winches, pumps, and a great number of coal skips, all for the equipment of the Eastern Area.

COAL-CUTTING MACHINES.

Although, on account of mining conditions, we have been unable to utilize the coal-cutting machines extensively throughout the year, they have been used in the No. 1 Bench, McBride Tunnel, where they have continued to give satisfactory results.

GENERAL.

Exclusive of a contribution to the Sinking Fund, as stated hereinbefore, the operation of the mine for the past year resulted in a profit of £5,190 4s. 11d., but this profit, it will be noted, was not sufficient to cover the loss made on the previous year's working. In the circumstances, however, the result obtained in respect of the year under notice must be regarded as satisfactory, though had a contribution been required to be made to the Sinking Fund on the basis of the normal average contribution to the Fund, the whole of the above-mentioned profit would have been absorbed, and there would have been no amount available to set against the previous year's loss.

Strikes again had an appreciable effect on the output, which was reduced from this cause alone by approximately 41,325 tons; and as the "overhead" expenses are not reducible in proportion to the output, it is obvious that the loss in output through strikes has the effect of considerably increasing the cost of production.

It will have been observed that of the total time lost on account of strikes, 17½ days were lost owing to the participation by the State Coal Mine employees in a general strike in August, 1917, arising out of a disturbance in another State. On this occasion the whole of the coal mines of Australia were idle for a considerable period, in spite of the fact that considerable increases in wages and piece-work rates had been granted in January, 1917, by Orders of the War Precautions (Coal) Board, on the understanding that a period of industrial peace should operate throughout the coal mining industry of Australia for a period of three years or for such further period as the present European War shall continue. This breach of agreement by employees in the coal mining industry was so seriously regarded by the Commonwealth Government that the operations of the War Precautions (Coal) Board were determined, although the Orders already issued were allowed to remain operative.

In connexion with this sympathetic strike, the action of the State Coal Mine employees in ceasing work was so seriously regarded by the Government and the Railways Commissioners that the former authority issued a circular to the whole of the employees, while the Railways Commissioners made a special visit to the mine for the purpose of impressing upon representatives of the employees the futility of allowing themselves to be dragged into a dispute in which they had everything to lose and nothing to gain; and I trust that the employees have hearkened to this advice, and that we shall have no trouble of this nature in future.

We have recently received from the Executive of the Australasian Coal and Shale Employees' Federation a notification of its intention to approach the Arbitration Court with a view to obtaining a minimum wage for miners of 16s. 6d. per day for five and a half days per week, although a somewhat similar demand was refused by the War Precautions (Coal) Board, recognising, as it apparently did, that the imposition of such conditions would bring disaster to the coal mining industry, and especially would this be the case in respect of the State Coal Mine, where the seams are thin and faulted, and bad and irregular in character.

Since the inception of operations at the State Coal Mine, nearly nine years ago, over 3,500,000 tons of coal have been made available for railway and manufacturing purposes, and this has kept cash to the extent of nearly £2,000,000 sterling for circulation within this State which would otherwise have been paid away in support of industries outside the State. Ample provision has been made for the depreciation that has accrued up to date; and the net result is that, after allowing for depreciation charges and for sinking fund provision, and after recouping to the Consolidated Revenue an amount of £24,160, representing the emergency expenditure incurred in opening up the mine, the financial result of the operations to date shows a debit balance of £11,671 2s. This result can be regarded in no other light than satisfactory, taking also into consideration that the additional population supported by the mine has tended to increase the prosperity of the State generally. The results obtained demonstrate that the State Coal Mine is a practical commercial enterprise, and that in it the State possesses a valuable asset.

I have been unable to obtain a complete record of the number of employees who have enlisted for military or naval service, but the approximate number who have left the mine for such purpose since the beginning of the war is 400, and I regret that up to the present many are known to have been killed or to have died whilst on active service.

A number of employees who were on active service have already returned to duty, and, as far as practicable, have been placed in their former positions; whilst in the case of men suffering from physical defects of such a character as to unfit them for the work they were engaged on previous to the time of their enlistment, employment has been made available for them to the best advantage. In addition, returned soldiers who were previously not employed at the mine have been given preference for any employment available, and during the year 61 of such men were engaged.

I have the honour to be,

Sir,

Your obedient servant,

GEO. H. BROOME,

General Manager, State Coal Mines.

The Honorable S. Barnes,
Minister for Railways, Melbourne.

STATE COAL MINE, WONTHAGGL.
WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1918.

1918.	£	s.	d.	£	s.	d.	1918.	£	s.	d.	£	s.	d.
June 30.							June 30.						
To Working Expenses, Raising and Despatching Coal	250,376	5	2				By Sale of Coal	290,030	9	8			
Salaries	4,525	0	0				Sundry Receipts	3,321	12	9			
Interest	8,803	14	0								293,352	2	5
Owners' Contribution to Accident Fund ..	674	1	0										
				264,379	0	2							
Balance carried to Profit and Loss Account ..				28,973	2	3							
				£293,352	2	5					£293,352	2	5

PROFIT AND LOSS ACCOUNT.

1917.	£	s.	d.	£	s.	d.	1918.	£	s.	d.
June 30.							June 30.			
To Balance (loss) brought forward				16,830	6	11	By Balance from Working Account			
1918.							Balance, carried forward	28,973	2	3
June 30.										
To Depreciation accrued for the year	25,000	0	0							
Less Interest earned during the year on the investments of the Depreciation Fund	1,186	2	8					11,671	2	0
				23,813	17	4				
				£40,644	4	3				
								£40,644	4	3

Correct,

GEO. FALLOON,
Accountant, State Coal Mine,
17th August, 1918.

F. H. BRUFORD,
Auditor-General,
30th August, 1918.

GEO. H. BROOME,
General Manager, State Coal Mines,
17th August, 1918.

