

1919.

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 1918-19.

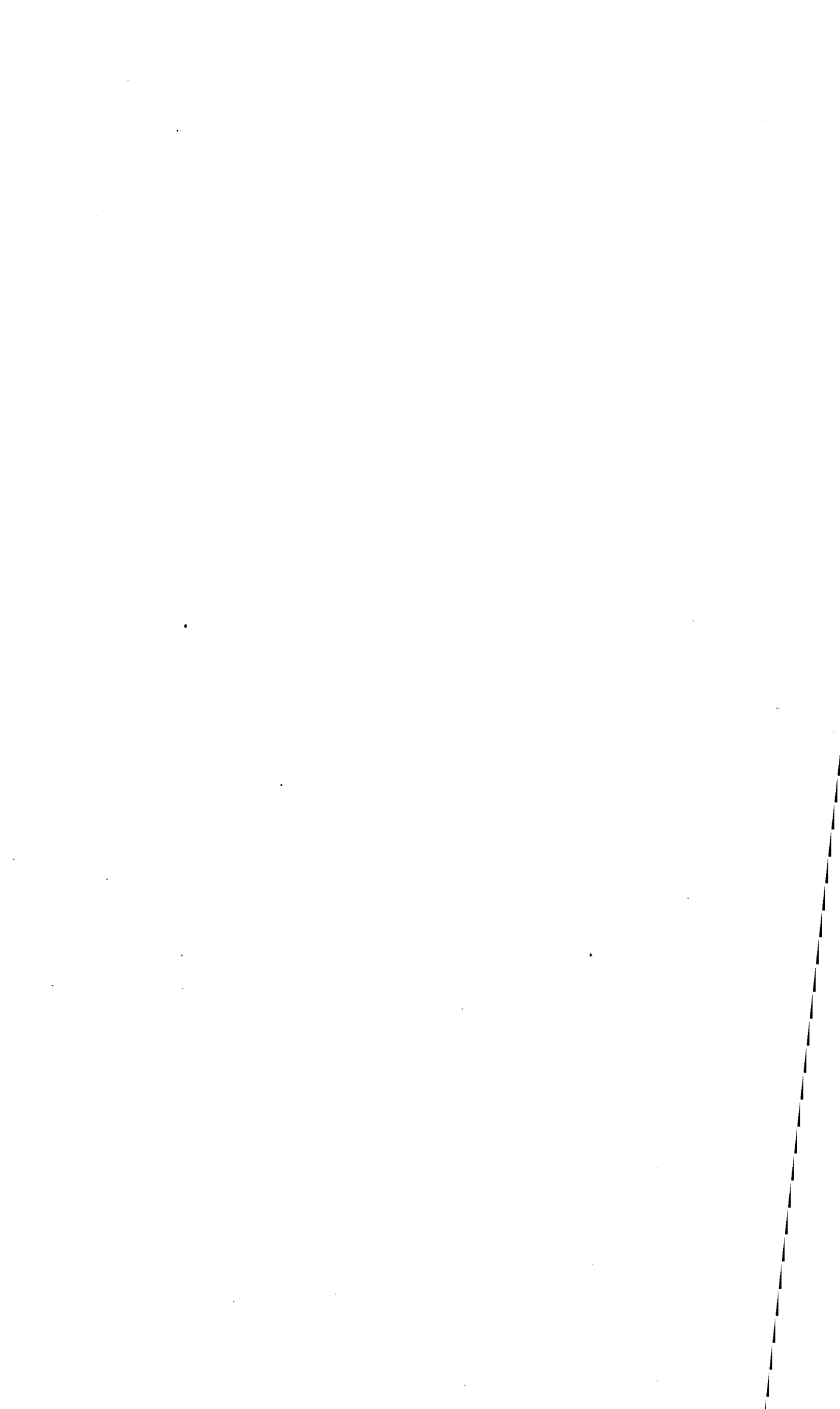
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STATE COAL MINES, WONTHAGGI.

Wonthaggi, 22nd October, 1919.

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, 1919.

FINANCIAL.

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

Depreciation, which is estimated to amount to	£27,000
and Sinking Fund contribution of	177

£27,177

the working of the mine has resulted in a net loss of £8,411 9s. 2d.

Had a contribution, however, been required to be made to the Sinking Fund on the basis of the normal average contribution to the Fund, this loss would have been increased by £6,059.

DEPRECIATION.

Including the provision for depreciation for the financial year 1918-19, 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, 1919, is £207,954. This estimate, in my opinion, makes ample allowance for the whole of the depreciation which has accrued up to the 30th June, 1919, and with the exception of £20,082 11s. 2d. (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.

In accordance with the basis explained in my Report for the year ended 30th June, 1917, a contribution to the Sinking Fund of £177 only is necessary in respect of the year 1918-19 to cover the provision required up to the 30th June last.

The amount of the "net surplus profits" arrived at on the basis prescribed by the Act is £17,579 8s. 2d., as is shown by the working account, and this amount has been allocated as under:—

	£	s.	d.
To Sinking Fund	177	0	0
To Depreciation Fund	17,402	8	2
	£17,579 8 2		

STATISTICAL.

The gross output for the year was 343,318 tons 9 cwt. 1 qr., and the total quantity disposed of was 324,744 tons 4 cwt. 2 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:—

1918.		tons	cwt.	qrs.
June 19-30	11,786	11	1	
July	29,728	12	3	
August	33,828	15	3	
September	31,052	5	3	
October	32,712	2	3	
November	29,113	13	3	
December	22,408	16	0	
1919.				
January	26,584	6	2	
February	24,750	1	1	
March	14,708	19	2	
April	25,519	17	3	
May	23,114	19	2	
June 1-18	19,435	2	0	
	324,744 4 2			

The coal was disposed of in the following grades :—

	tons	cwt.	qrs.
Screened	185,328	16	1
Unscreened	5,740	6	1
Slack	133,675	2	0
	<u>324,744</u>	<u>4</u>	<u>2</u>

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	170,557	10	0	5,740	6	1	29,805	15	3	206,103	12	0
Sold to Public Departments	14,527	8	2	..	..	..	695	17	2	15,223	6	0
Sold to the General Public	243	17	3	..	..	..	103,173	8	3	103,417	6	2
	<u>185,328</u>	<u>16</u>	<u>1</u>	<u>5,740</u>	<u>6</u>	<u>1</u>	<u>133,675</u>	<u>2</u>	<u>0</u>	<u>324,744</u>	<u>4</u>	<u>2</u>

After a careful consideration of the factors likely to influence the output in the year under review, I estimated, in July, 1918, that an output of 441,800 tons would be obtained in the year ending 30th June, 1919, but the yield fell short of my estimate by 98,482 tons, and the actual output was less by 39,549 tons than the quantity mined in the previous year.

The deficiency in the output, as compared with the estimate, is accounted for principally by the undermentioned causes :—

	Approximate effect, loss of output, tons.
Strikes and the like	12,000
Loss of five days in connexion with three fatal accidents	7,500
Armistice and Peace Holidays—two days	3,000
Flooding of the Mine	7,500
Outbreak of influenza, September and October, 1918	4,000
Outbreaks of influenza, 1919	18,500
Heavy roof conditions, No. 2 bench, McBride Tunnel	5,000
Reduction in output per miner per shift as compared with the previous year	16,700
	<u>74,200</u>

Variations in the mining conditions, unforeseen difficulties in working, and the scarcity of efficient mine labour were other factors which adversely affected the output; and to some extent these causes and the influenza outbreaks, which had a serious effect upon the vitality of the employees, were responsible for the reduction in the output of coal per miner per shift.

The average number of employees throughout the year was 1,255, comprising:—

Coal miners	462
Wheelers	141
Others below ground	330
Surface men	322
	<u>1,255</u>

The increase in the labour employed on the surface, as compared with the previous financial year, is accounted for by the additional labour engaged in connexion with the erection of ten more miners' cottages, and in connexion with the erection and equipment of the heapstead and other buildings at the Station Area.

The additional labour employed below ground was occasioned by the development of the Station Area, and the further development of the Eastern Area, and to a smaller extent in connexion with the driving of rock drives in McBride Tunnel and No. 10 Pit.

I regret to report the occurrence of three 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, 1919, were as follows :—

SUPPLIED TO RAILWAY DEPARTMENT.

Screened	16s. 5d. per ton
Screened from thin seams	18s. 8d. „
Run-of-mine	15s. 9d. „
Slack	14s. 9d. „

SUPPLIED TO PUBLIC DEPARTMENTS.

	From 1/7/18 to 2/12/18. per ton.	From 3/12/18 to 4/6/19. per ton.	From 5/6/19 to 30/6/19. per ton.
Screened	17s. 6d.	18s. 8d.	21s. 8d.
	From 1/7/18 to 4/6/19. Per ton.	From 5/6/19 to 30/6/19. Per ton.	
Slack	16s. 6d.	19s. 6d.	

SUPPLIED TO THE GENERAL PUBLIC.

	From 1/7/18 to 4/6/19. per ton.	From 5/6/19 to 30/6/19. per ton.	
Screened	18s. 8d.	21s. 8d.	
	From 20/6/18 to 30/6/18. per ton.	From 1/7/18 to 4/6/19. per ton.	From 5/6/19 to 30/6/19. per ton.
Slack	15s. 0d.	16s. 6d.	19s. 6d.

During the year under review, screened coal was not available for sale to the general public, but 244 tons approximately were sold in Wonthaggi.

The restriction on the sale of screened coal to the public was due to the fact that it was found profitable by the Railway Department to continue to take the whole of the output of screened coal, and to pay for that portion mined from the thin seams at market rates, as, in the absence of shipping, the Railway Department was forced to continue the overlanding of coal supplies from New South Wales, and it was found by the Department to be more economical to pay for thin seam coal eighteen shillings and eightpence (18s. 8d.) per ton than to allow the quantity available from the thin seams to be supplied to the general public, and for it to obtain an equal quantity overland from New South Wales.

The prices paid by the Railway Department for screened (exclusive of thin seams coal) run-of-mine coal and slack coal supplied by the State Coal Mine were again fixed on the basis explained in my last report.

LABOUR.

We have continued to work during the past year under the Working Agreement of the 6th March, 1916. This agreement was, however, amended and extended by the orders of the War Precautions (Coal) Board, which on the 1st January, 1917, granted substantial increases in wages and piece-work rates to all employees, 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 late European War should continue. In May and June last, representatives of the employees engaged in the coal-mining industry waited upon the Acting Prime Minister, and, irrespective of the fact that the agreement before referred to had not run its course, they intimated that, unless further substantial increases were granted to employees, there was a likelihood of further industrial turmoil in so far as the coal-mining industry was concerned. These representations had the effect of the summoning of a round-table conference under the ægis of the Acting Prime Minister, the outcome of which was, so far as the State Coal Mine was concerned, an advance of 15 per cent. in the wages of persons employed in or about the mine, and is to take effect up to and inclusive of the 31st December, 1920. This latter increase has had the effect of increasing the wages of persons employed in or about the State Coal Mine by 52 per cent. as compared with wages and piece-work rates paid as at 1st July, 1914.

Net average earnings of contract miners, after deducting the cost of explosives—

Financial year 1913-14	13s. 11.49d.
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.
Financial year 1918-19	17s. 10.01d.
Fortnight ended 18.6.19	21s. 1.98d.

The amounts paid in wages during each of the past six years are shewn hereunder—

	£	s.	d.
Financial year 1913-14	£158,812	0	10
Financial year 1914-15	178,049	3	10
Financial year 1915-16	159,026	18	7
Financial year 1916-17	197,694	4	9
Financial year 1917-18	228,506	6	8
Financial year 1918-19	242,530	9	8

The mine lost nine and a half days owing to strikes and the like, while employees absented themselves for five days in connexion with the three fatal accidents previously referred to.

BORING.

During the year three boring plants have been constantly at work, with the exception of No. 2 drill, which was loaned to the Mines Department for eighteen weeks for the purpose of boring on the adjacent Powlett North Woolamai Company's lease.

Nos. 4 and 5 boring plants worked for three and four months respectively, and were then put out of commission.

In all, 95 bores (including thirteen bores put down on the Powlett North Woolamai Company's lease) were completed, and an aggregate of 40,573 feet of boring was accomplished.

McBride Tunnel Area.—Nine bores were put down for the purpose of closer boring the No. 3 bench, and three for the purpose of locating the seam in the No. 1 bench west workings.

Northern Area.—Nineteen bores, which were put down in the south-western portion of this area, proved an average thickness of coal of 36 inches, dislocated, however, by considerable faulting.

Station Area.—In this area, for closer boring purposes, twelve bores were put down.

Eastern Area.—A total of 37 bores were put down. Thirteen bores were put down for the purpose of closer boring the No. 2 bench; fifteen bores for the closer boring of No. 3 bench; nine bores for the closer boring of No. 4 bench; and two for pumping purposes from No. 2 bench. As far as No. 4 bench is concerned, the bores put down on the eastern side maintained an average thickness, but the northern bores are not such as to warrant the anticipation of satisfactory results in this direction.

Summarizing the results of the boring operations for the year, I have come to the conclusion that I am not warranted in making any alteration in my last year's estimate of 19,175,000 tons.

After deducting this year's and last year's outputs from the estimated quantity of available coal, viz., 19,175,000 tons, a balance of about 18,450,000 remains to be extracted, or, if the doubtful Western Area be eliminated, about 16,150,000 tons.

NOS. 9 AND 10 PITS.

These pits are still producing at the rate of about 650 tons per day, of which output about two-thirds is being obtained from No. 10 pit. Almost the whole of the output from No. 10 pit is being obtained from the thin seams; while in No. 9 pit the output is being produced from extraction of the pillars.

The effective life of No. 9 pit has been extended by reason of the system adopted in order to work the pillars to the best advantage, and by reason also of the fact that there has for some time been a shortage of efficient mine labour.

MCBRIDE TUNNEL.

The present output from this pit is about 950 tons per day, which is being mined chiefly from the second and third benches. In the third bench development has been retarded by reason of the fact that on the west side an up-throw fault of 60 feet was struck within 5 chains of the main tunnel, and on the east side a 70-ft. up-throw fault was also struck at a similar distance from the tunnel, necessitating the driving of developmental stone drives. Owing to adverse mining conditions, the output from No. 1 bench has fallen off somewhat. The extension of the McBride Tunnel to No. 4 bench has been completed, and the development of this bench is being pushed on with as rapidly as possible. Owing to the depth of the seam at the No. 4 bench, viz., 650 feet, the natural heat of the strata is considerable, and the problem of ventilation is rendered both difficult and expensive. For the more efficient ventilation of Nos. 3 and 4 benches it is essential to immediately sink a shaft 350 feet in depth, and to install a fan with a capacity of 150,000 cubic feet per minute at a water gauge of 6 inches. The estimated cost of this work is £6,000.

EASTERN AREA.

The No. 3 bench was cut by both the main and air tunnels at a distance of 3,975 feet from the surface, and the bottom lay-out for handling the coal is well in progress. The haulage engine has been erected, and the endless rope haulage installed, while the screening plant, which had been erected some time previously, is working satisfactorily.

The output at present being obtained from this pit is approximately 150 tons per day, and this will be considerably improved upon when the permanent lay-out at the pit bottom is completed.

On account of the depth of the seam at this area also (800 feet to No. 3 bench and 1,080 feet to No. 4 bench), it is essential to immediately sink a shaft to the No. 3 bench, and to install a similar fan to the one described for the McBride Tunnel. The estimated cost of this work is £10,000.

STATION AREA.

During the year a new winning, known as the Station Area, which shows promise of good results, has been opened up north of the township. The tunnel has been driven 850 feet in length, and workable coal struck at 300 feet from the surface. Several coal faces have been opened out at different points in the tunnel, and connexion made to an air shaft 40 feet in depth. A small screening plant has been erected, and the main and tail rope haulage installed. An output of about 100 tons per day is at present being obtained from this source.

ELECTRICAL PLANT.

The main generating station and the sub-stations have continued in successful operation throughout the year.

The output from the Power House was approximately $4\frac{1}{4}$ million units, showing an increase of 14 per cent. over that of last year; and the plant is now being worked at almost its full capacity, and to cope with the further demand for power which will be needed to operate the additional ventilation plants at McBride Tunnel and Eastern Area it will be necessary to at once install another steam boiler and condenser, at an estimated cost of £10,000.

A remote control switchboard was constructed in the mine workshops for the Eastern Area main haulage, introducing a new system of remote control for mine haulage, which should accelerate the movement of coal from the pit bottom.

WORKSHOPS.

A small brass moulding furnace was added to the equipment of the workshops, and this has enabled us to manufacture practically the whole of our brass castings for general and electrical work, and at a time when for a period several of the articles manufactured were unprocurable elsewhere. In addition, the whole of the repair work at the mine has been performed, and a considerable amount of new work was successfully carried out, viz., the manufacture of the necessary screening plant, pumps, &c., for the Station Area.

COAL-CUTTING MACHINES.

The use of these machines has been restricted on account of adverse mining conditions, but taking into consideration the difficulties under which they laboured, they have continued to give satisfactory results where used in the No. 1 bench, McBride Tunnel.

I hope to utilize the machines more extensively at the Eastern Area, where the system of mining I propose to adopt, viz., longwall, is better adapted for their use, and the faces there appear suitable for machine work.

GENERAL.

Although strikes were not without their effect on the output, which was reduced from this cause by approximately 12,000 tons, the loss of output occasioned by industrial disturbances of this nature was considerably less than it has been in any one year since 1915. The output, however, suffered severely as a result of the ravages of epidemic influenza; and as the overhead expenses are not reducible in proportion to the output, it is obvious that the loss in output from these causes had the effect of considerably increasing the cost of production.

Since the inception of operations at the State Coal Mine, some ten years ago, nearly 4,000,000 tons of coal have been made available for railway and manufacturing purposes, and this has kept cash to the extent of about £2,250,000 sterling for circulation within this State, which would otherwise have been paid away in support of industries outside the State.

Having regard to the fact that functions of management, relative to the fixing of rates for labour and the price of coal respectively, are not within my control, the mine has been operated as economically as possible. The organization, equipment, and economical operation of the State Coal Mine compares excellently with that of the largest mines of New South Wales, and, on the other hand, the latter are immeasurably better off than the State mine in respect of the size and regularity of the seam and the character of the coal formation, so that they can produce coal much cheaper than the State Coal Mine with its thin, dirty, irregular, and faulted seams, and the serious mining difficulties associated with these conditions.

Owing to the intervention of circumstances beyond the control of management, due principally to a deterioration in mining conditions, shortage of efficient mine labour, and the substantial increase of 52 per cent. in the wages of employees, the balance-sheet now discloses a loss in working.

It will have been observed, however, that, for a time, the mine worked profitably, notwithstanding all the difficulties under which it laboured, and, even now, the net result is that, after allowing ample provision for Sinking Fund and for Depreciation that has accrued up to date, and after recouping 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 balance debit of only £20,083, and this deficit it is hoped to considerably reduce, if not completely wipe out, in the present financial year.

During the past three years the Victorian State Coal Mine made available for the Railway Department and the general public 1,146,167 tons of coal, which in the absence of shipping would otherwise have been almost unobtainable, and at the same time advantage was not taken of the abnormal conditions then prevailing to increase the price of coal.

In normal times the State Coal Mine has influenced the prosperity of the State on account of conditions arising out of—

- (a) Its own dependent population.
- (b) The annual circulation within this State of more than a quarter of a million pounds sterling that would otherwise have been paid away in support of industries outside the State.
- (c) Its influence on the price of New South Wales coal.

I have endeavoured to show that the result of the operations of the State Coal Mine since its inception cannot be judged solely from the balance-sheet, which does not reflect the value of the mine to the community. In the abnormal conditions prevailing for the last four years, this cannot be estimated in money.

THE WAR.

I have been unable to obtain an accurate record of the number of employees who enlisted for military or naval service, but the approximate number who were granted leave of absence for this purpose since the beginning of the war is 450 ; and I desire to record my appreciation of the fact that such a large number of employees assisted in bringing the war to a successful conclusion. I deeply regret that a number are known to have made the supreme sacrifice.

Many employees who were on active service have already returned to duty, and, as far as practicable, these employees have been replaced in their former positions. In the case of men suffering from physical defects of such a character as to unfit them for the work they were engaged upon prior to enlistment, employment has been made available for them to the best mutual advantage. In addition, returned soldiers who previously were not employed at the mine have been given preference for any employment available, and during the year 84 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.

