

1921.

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 1920-21.

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, WONTHAGGI.

Wonthaggi, 12th October, 1921.

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, 1921.

FINANCIAL.

The working of the Mine for the year resulted as follows:—

Revenue from coal won in 1920-21	£424,873	0	2
Working Expenses	£376,777	19	3
Interest on Capital	8,803	14	0
	385,581	13	3
Surplus, exclusive of provision for Sinking Fund and depreciation of assets	£39,291	6	11
Contribution to Sinking Fund	£6,236	0	0
Depreciation of assets (£32,000) less interest earned on investments in Depreciation Fund (£1,786 2s. 8d.)	30,213	17	4
	36,449	17	4
Profit for the year 1920-21, after making the necessary provision as above	£2,841	9	7

The financial position of the Mine at the 30th June, 1921, was that after allowing ample provision for Sinking Fund and for depreciation that had accrued up to that date, and after recouping the Consolidated Revenue an amount of £24,160, representing the emergency expenditure incurred in opening up the Mine, the operations to date show a credit balance of £3,821 8s. 6d. as under—

	£	s.	d.
Profit brought forward from previous year, as shown in balance-sheet for 1919-20	979	18	11
Profit for 1920-21	2,841	9	7
	3,821	8	6
Profit earned during the period from the opening of the Mine to the 30th June, 1921, after allowing for ample contribution to the Sinking Fund and also depreciation accrued to that date ..	3,821	8	6

DEPRECIATION.

Including the provision for Depreciation for the financial year 1920-21, 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, 1921, is £269,954. The estimate, in my opinion, makes ample allowance for the whole of the depreciation which has accrued up to 30th June, 1921, and such amount, less interest earned on investments in Depreciation Fund, has been provided for by cash transferred from Mine Income Account to the credit of the Depreciation Fund.

SINKING FUND.

In accordance with the basis explained in my Report for the financial year ended 30th June, 1917, a contribution to the Sinking Fund of £6,236 is necessary in respect of the year 1920-21, to cover the provision required up to the 30th June last, and such provision has been made by transferring cash to that amount from the Mine Income Account to the credit of the Sinking Fund.

The amount of the "net surplus profits" arrived at on the basis prescribed by the Act has been allocated to the Sinking and Depreciation Funds respectively as directed by the Act.

STATISTICAL.

The gross output for the year was 368,239 tons 6 cwt. 0 qrs., and the quantity disposed of was 347,258 tons 14 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 :—

1920.		tons	cwt.	qrs.
July	.. .. .	36,992	0	3
August	.. .. .	33,311	13	1
September	.. .. .	35,651	0	2
October	.. .. .	39,722	11	3
November	.. .. .	13,071	9	0
December	.. .. .	25	15	0
1921.				
January	.. .. .	2,830	15	2
February	.. .. .	31,156	11	1
March	.. .. .	37,306	7	0
April	.. .. .	36,848	15	1
May	.. .. .	40,236	6	1
June	.. .. .	40,105	9	1
		347,258	14	3

The coal was disposed of in the following grades :—

Screened	.. .. .	207,689	9	0
Run-of-mine	.. .. .	6,400	18	3
Slack	.. .. .	133,168	7	0
		347,258	14	3

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	196,412	6	3	6,400	18	3	64,669	16	1	267,483	1	3
Sold to Public Departments	10,882	19	2	..	..	..	1,460	17	3	12,343	17	1
Sold to the General Public	394	2	3	..	..	..	67,037	13	0	67,431	15	3
		207,689	9	0	6,400	18	3	133,168	7	0	347,258	14	3

After a careful consideration of the factors likely to influence the output in the year under review I estimated in July, 1920, that an output of 483,650 tons would be obtained in the year ending 30th June, 1921, but the yield fell short of my estimate by 115,411 tons, and the actual output was less by 56,746 tons than the quantity mined in the previous year. The difference in output as compared with the estimate is accounted for principally by the undermentioned causes :—

	Approximate effect, loss in output. Tons.
Strikes and the like	.. .. . 100,000
Machinery mishaps	.. .. . 2,800
Flooding of the Mine	.. .. . 3,600
106,400	

The output was also adversely affected by variations in mining conditions, unforeseen difficulties in working, and absenteeism caused by a recrudescence of influenza in a mild form. A favorable factor was an increase in the output per miner per shift.

The average number of employees throughout the year was 1,193, comprising—

Coal miners	.. .. .	494
Wheelers	.. .. .	126
Others below ground	.. .. .	279
Surface men	.. .. .	294
		1,193

The reduction in the number of persons employed as compared with the previous year was due to the fact that the Mine was idle on account of a strike from the 11th November, 1920, to the 26th January, 1921, and excluding this period the average number of persons employed was 1,450, as compared with 1,390 in the previous year.

I regret to report the occurrence of one fatal accident during the year.

SELLING PRICE OF COAL.

The prices received at the Mine for coal supplied for the financial year ended 30th June, 1921, were as under—

Supplied to Railway Department.

Screened	23s. 11d. per ton
Screened from thin seams	26s. 8d. „
Run-of-mine	23s. 2d. „
Slack	22s. 2d. „

Supplied to Public Departments.

	From 1.7.20 to 26.9.20.	From 27.9.20. to 30.6.21.
Screened	21s. 8d. per ton	26s. 8d. per ton
Slack	19s. 6d. „	24s. 6d. „

Supplied to General Public.

	From 1.7.20 to 26.9.20.	From 27.9.20 to 30.6.21.
Screened	21s. 8d. per ton	26s. 8d. per ton
Slack	19s. 6d. „	24s. 6d. „

During the year under review screened coal was not available for sale to the general public, but 394 tons was sold in Wonthaggi. The Railway Department continued to find it profitable to take the whole of the output of screened coal, and the output mined from thin seams at a rate based on the cost of extraction, as, in the absence of shipping, the Department was forced to continue the overlanding of coal from New South Wales, and it was found to be more economical to purchase State Mine thin seams coal at 26s. 8d. per ton than to allow the quantity available from the thin seams to be supplied to the general public and for the Department to obtain an equal quantity overlanded from New South Wales.

The prices paid by the Railway Department for screened coal (exclusive of thin seams coal), run-of-mine coal, and slack coal supplied to it by the State Coal Mine were fixed on the basis explained in my Report for the year ended 30th June, 1918.

LABOUR.

The order of the Acting Prime Minister (*Commonwealth Gazette, No. 77, of 19th June, 1919*), as applied to the working agreement of 6th March, 1916, operated until the 26th September, from which date it was superseded by the awards of Charles Hibble, Esquire, Chairman of the several tribunals established under the *Industrial Peace Act 1920* to deal with the wages and conditions of employment of persons engaged in the Coal Industry. With the working agreement of 6th March, 1916, as a basis, the wages and piece-work rates paid to all employes are governed by these awards, the principal one of which will expire on the 17th December, next.

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

Financial year 1913-14	13s. 11.49d.
„ 1914-15	13s. 11.64d.
„ 1915-16	14s. 6.16d.
„ 1916-17	16s. 2.10d.
„ 1917-18	17s. 7.56d.
„ 1918-19	17s. 10.01d.
„ 1919-20	20s. 5.19d.
1st July, 1920, to 26th September, 1920	21s. 1.2d.
27th September, 1920, to 30th June, 1921	25s. 9.33d.
Financial year 1920-21	24s. 3.64d.

The amounts paid in wages during the past eight years are shown hereunder :—

Financial year 1913-14	£158,812
„ 1914-15	178,049
„ 1915-16	159,026
„ 1916-17	197,694
„ 1917-18	228,506
„ 1918-19	242,530
„ 1919-20	322,563
„ 1920-21	319,224

Including a strike of eleven weeks' duration, hereinafter mentioned, strikes, stop-work meetings, and the like were responsible for a suspension of operations for 63 days, and work also ceased for three days on account of floods and machinery troubles.

BORING.

From the commencement of the year until November last three plants were engaged; in November one was put out of commission leaving one steam plant and one oil-engine plant at work. The bores completed during the year and in progress at 30th June, 1921, number 40, and during the year a total footage of 17,073 feet has been drilled.

McBride Tunnel Area.—Ten bores were put down for the purpose of more closely locating the faults and to determine the extent of payable coal on the eastern side. This further boring has not affected previous estimates of the quantity of available coal in this area.

Northern Area.—Six additional bores were put down in the direction between the northern limit of the McBride Tunnel area and the Powlett River. All proved the existence of coal of payable thickness, but, as indicated in my last Report, this area is dislocated by several large faults, and has not been included in the main estimate of the gross tonnage of coal available for extraction in the State Mine area.

Station Area.—Fifteen bores were put down for the purpose of closer boring and one for pumping purposes. The results disclosed by these bores did not affect the estimate of the gross tonnage of coal in this area.

Eastern Area.—Six bores were put down for closer boring purposes and two to facilitate the sinking of No. 15 air shaft, one of which, 10 inches in diameter, was abandoned at 215 feet, the strata being too hard for the large diameter cutters to bore economically. The result of boring in this area has not affected the estimate of the gross tonnage in the area available for extraction.

In the present year I expect to employ both boring plants in prospecting an area to the north and north-east of the eastern area.

Gross Tonnage of Coal, State Coal Mine Area.—In reviewing my last year's estimate of the gross tonnage of coal in the three principal areas of the Mine, namely, Central, McBride Tunnel, and Eastern Area, I have excised a small portion of the Central Area, necessitating a deduction of 31,760 tons from my previous estimate. After allowing for the output for the year, I estimate that the gross tonnage of coal still remaining for extraction is 15,163,176 tons—

Estimate as per last year's Report	..	..	15,600,000
Less excised area	..	..	31,760
Extracted during the year	..	..	368,240
Allowance 10 per cent. loss in working	..	..	36,824
			436,824
			<hr/> 15,163,176 <hr/>

NOS. 9 AND 10 PITS.

The output from these pits has been maintained at about the same rate as last year, namely, 570 tons per day. The new area referred to in my last Report adjacent to the extension dip section has been developed with satisfactory results. A stone drive is now being driven from this area to No. 10 Shaft in order to cheapen the cost of haulage.

MCBRIDE TUNNEL.

The output from this pit is about 850 tons per day. The air shaft referred to in my previous Report has been sunk and an exhaust fan with a capacity of 150,000 cubic feet of air per minute at a water gauge of 6 inches has been installed. The completion of this shaft was delayed for some three months by reason of the strike of employees hereinafter mentioned.

The installation of the new fan has considerably improved the ventilation of three and four benches, the development of which is now making good progress.

The extraction of pillars in No. 2 bench has continued, but the output has further decreased, and the coal in this bench is now almost exhausted.

The improvement in the output per miner per shift in No. 1 bench, referred to in my last Report, has been maintained.

EASTERN AREA.

On account of the natural heat of the strata due to the depth of the coal measures, the temperature below ground in this area is somewhat higher than in the other pits. This will be relieved somewhat when the new ventilation shaft (No. 15), which at the date of writing has been sunk to a depth of 325 feet, is completed in or about February next, when there will be installed an exhaust fan with a capacity of 150,000 cubic feet of air per minute at a 6-in. water gauge.

On the completion of the air shaft and the installation of the ventilation fan, the development of this area will be further expedited. The main headings have been driven beyond the air shaft site and the output is about 420 tons per day.

STATION AREA.

Although it has been necessary to negotiate numerous faults, satisfactory results have been maintained in this area, the output of which is approximately 160 tons per day.

ELECTRICAL PLANT.

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

The output from the Power House was approximately $4\frac{1}{2}$ million units as against $4\frac{3}{4}$ million units for the previous year, the reduction being due to the cessation of operations from the 11th November, 1920, to the 26th January, 1921, on account of a strike of employees.

WORKSHOPS.

As previously the whole of the repair work for the Mine has been carried out at the Mine Workshops. The construction of an electric haulage engine of 120 h.p. was completed; skeleton sinking cages were built, tippler, screening plant, and retarding conveyor for the Eastern Area were made, and several pumps, fans, winches, and coal skips were manufactured.

GENERAL.

As hereinbefore mentioned, the wages of all employees were increased from the 27th September, 1920, by the award of the Chairman of the Coal Industry Special Tribunal, established under the provisions of the *Industrial Peace Act 1920*. This Tribunal granted, so far as Victoria is concerned, an increase of 30 per cent. in the minimum wage for adult off-hand labour, and ordered that all other wage margins should be maintained. It also increased the piece-work rates by $17\frac{1}{2}$ per cent.

Under the award, the minimum rate of wage for adult off-hand labour was increased from 12s. 9d. to 16s. 6d. per day, whilst, as the result of the increase in piece-work rates the wages of contract miners increased by 3s. 2d. per shift. These increases in wages and piece-work rates were the principal factors in the increase in the cost of production, which exceeded that of the previous year by 3s. 6·7d. per ton. Although the rates awarded by the Coal Industry Special Tribunal are paid at the State Coal Mine, the Government declined to allow the awards of these tribunals to operate in respect of the Morwell Brown Coal undertaking. On this account operations cease at Morwell, and simultaneously the employees of the State Coal Mine were misled into becoming involved in a sympathetic strike, and operations were suspended from the 11th November, 1920, to the 26th January, 1921. The loss in output occasioned by this ineffective and futile strike amounted to nearly 100,000 tons, and as overhead expenses are not reducible in proportion to output it is obvious that the loss in output from this cause again had the effect of increasing the cost of production.

For months past an agitation has proceeded for the establishment of Local Boards under section 22 of the *Industrial Peace Act 1920* in connexion with the coal mining industry, and the propaganda has been so far successful that the Commonwealth Government has decided to appoint a Local Board for the State of Victoria, on which, however, the State Coal Mine in pursuance of the policy of the Government will not be represented.

The total quantity of coal produced at the State Coal Mine since its inception some eleven years ago amounts to approximately $4\frac{3}{4}$ million tons, and this has favorably affected the prosperity of Victoria by keeping cash to the extent of more than three million pounds sterling for circulation within the State, which would otherwise have been paid away in support of industries outside the State.

The profit earned in the year under review (£2,841 9s. 7d.) added to the credit balance of £979 18s. 11d. brought forward from the previous year gives a credit balance of £3,821 8s. 6d. as the financial result of the operations to date, and justifies the statements I have previously made that the State Mine is a payable commercial enterprise, and that in it the State possesses a sound, solvent, and valuable asset.

I have the honour to be,

Sir,

Your obedient Servant,

GEO. H. BROOME,

General Manager.

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

STATE COAL MINE, WONTHAGGI.
WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1921

1921. June 30.	£	s.	d.	£	s.	d.	1921. June 30.	£	s.	d.
To Working Expenses, including Salaries of £300 and over	376,214	5	4				By Sale of Coal	421,027	16	8
Interest	8,803	14	0				Sundry Receipts	3,845	3	6
Owners' Contribution to Accident Fund	563	13	11							
				385,581	13	3				
Balance carried to Profit and Loss Account				39,291	6	11				
				£424,873	0	2		£424,873	0	2

PROFIT AND LOSS ACCOUNT.

1921. June 30.	£	s.	d.	£	s.	d.	1921. June 30.	£	s.	d.
To Sinking Fund Account				6,236	0	0	By Balance Depreciation Fund Account brought forward from previous year			
Depreciation accrued for year	32,000	0	0				Balance from Working Account	39,291	6	11
Less Interest earned during the year on the investments of the Depreciation Fund	1,786	2	8							
				30,213	17	4				
Depreciation Fund Account				3,821	8	6				
				£40,271	5	10		£40,271	5	10

GEO. FALLOON,
Accountant, State Coal Mine,
12th October, 1921

J. A. NORRIS,
Auditor-General,
14th November, 1921.

GEO. H. BROOME,
General Manager, State Coal Mines,
12th October, 1921.

