

1922.

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 1921-22.

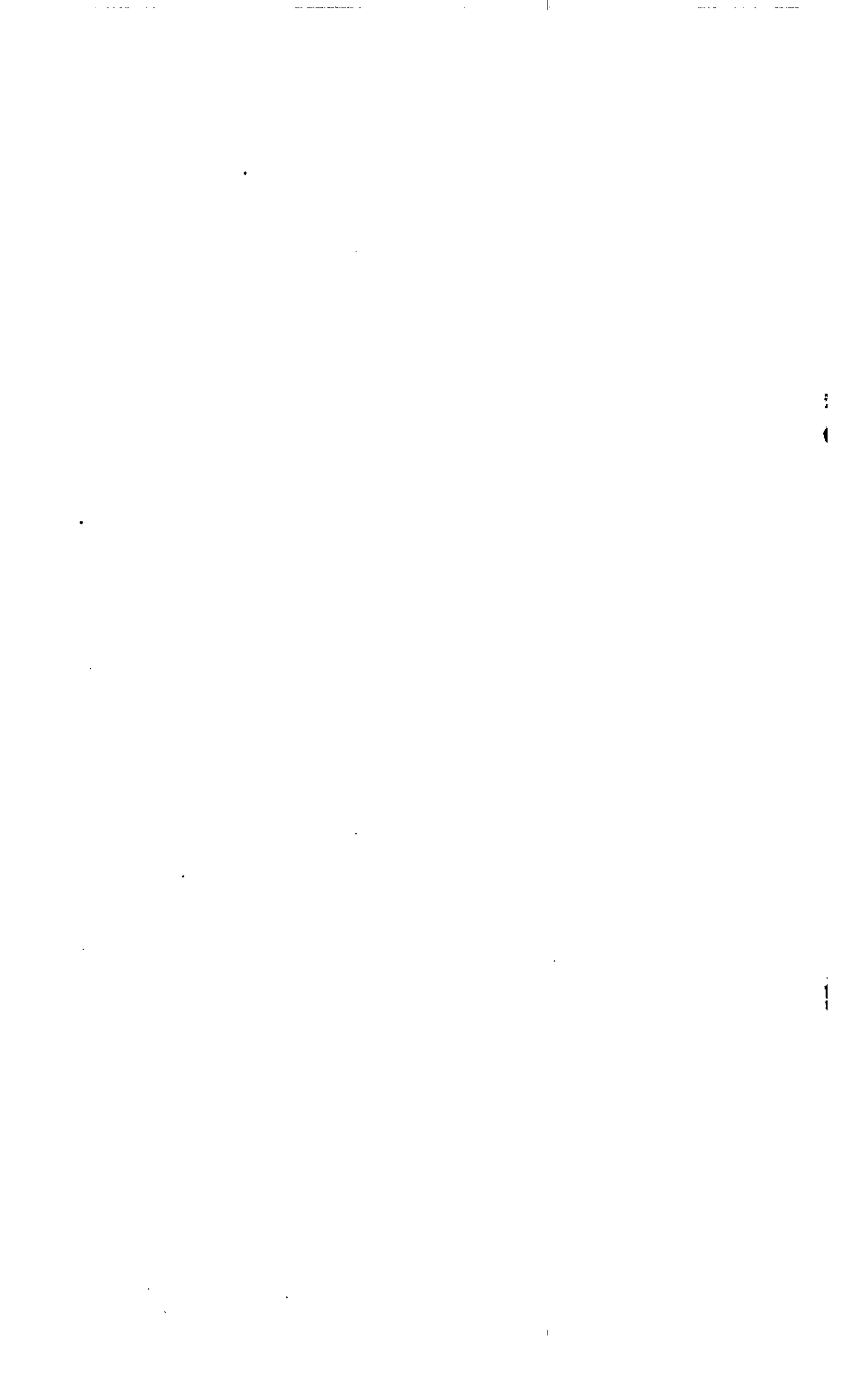
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STATE COAL MINES. WONTHAGGI.

Wonthaggi, 8th September, 1922.

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, 1922.

FINANCIAL.

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

Revenue	£566,068	1	7
Working Expenses	£491,741	4	1
Interest on Capital	8,803	14	0
	500,544	18	1
Surplus, exclusive of provision for Sinking Fund and depreciation of assets	£65,523	3	6
Contribution to Sinking Fund	£12,472	0	0
Depreciation of assets.. .. .	£36,000	0	0
Less Interest on investments of Depreciation Fund	1,336	2	8
	34,663	17	4
Profit for the year 1921-22, after making the necessary provision as above	£18,387	6	2

DEPRECIATION.

Including the provision for Depreciation for the financial year 1921-22, 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, 1922, is £305,954. The estimate, in my opinion, makes ample allowance for the whole of the depreciation which has accrued up to the 30th June, 1922, and such amount has been provided for by cash transferred from Mine Income Account to the credit of the Depreciation Fund.

SINKING FUND.

An amount of £12,472 has been transferred to the Sinking Fund, and the balance of the "net surplus profits" arrived at on the basis prescribed by the Act has been allocated to the Depreciation Fund, as directed by the Act.

STATISTICAL.

The gross output for the year was 504,164 tons 11 cwt. 1 qr., and the quantity disposed of was 478,460 tons 18 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 follow:—

1921.	1922.	tons	cwt.	qrs.
June 30th		1,683	12	0
July		38,321	14	3
August		41,796	6	1
September		40,012	2	2
October		44,329	8	2
November		43,233	7	1
December		32,640	0	3
January		25,180	11	1
February		35,955	12	2
March		52,090	13	2
April		39,995	4	3
May		49,841	15	3
June 1st to 28th		33,380	9	0
		478,460	18	3

The coal was disposed of in the following grades :—

	tons	cwt.	qrs.
Screened	285,756	7	3
Run-of-mine	8,033	2	0
Slack	184,671	9	0
	<u>478,460</u>	<u>18</u>	<u>3</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	270,862	6	0	7,772	6	2	130,084	18	2	408,719	11	0
Sold to Public Departments	14,600	19	3	1,647	11	3	16,248	11	2
Sold to the General Public	293	2	0	260	15	2	52,938	18	3	53,192	16	1
	<u>285,756</u>	<u>7</u>	<u>3</u>	<u>8,033</u>	<u>2</u>	<u>0</u>	<u>184,671</u>	<u>9</u>	<u>0</u>	<u>478,460</u>	<u>18</u>	<u>3</u>

The output for the twelve months ended 30th June, 1922, exceeded by 135,926 tons the quantity mined in the previous year. The gratifying increase in the output for the year under review, as compared with the yield for the previous year, is due to the fact that, in respect of the year ended on 30th June, 1922, work proceeded with little interruption. While in the previous year operations were suspended for 63 days on account of strikes and the like, the time lost from these causes in the present year was twelve days only.

The average number of employees throughout the year was 1,554, comprising—

Coal miners	683
Wheelers	168
Others below ground	334
Surface men	369
	<u>1,554</u>

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

SELLING PRICE OF COAL.

The prices received at the Mine for the financial year ended 30th June, 1922, were as under—

Supplied to Railway Department.

	From 1.7.21 to 28.2.22.	From 1.3.22 to 30.6.22.
Screened	22s. 11d. per ton	22s. 5d. per ton.
Screened from thin seams	26s. 8d. ,,	22s. 5d. ,,
Run-of-mine	22s. 2d. ,,	21s. 9d. ,,
Slack	21s. 1d. ,,	20s. 9d. ,,

Supplied to Public Departments and the General Public.

	From 1.7.21 to 30.6.22.
Screened	26s. 8d. per ton
Run-of-Mine	25s. 6d. ,,
Slack	24s. 6d. ,,

During the year under review screened coal was not available for sale to the general public, but 293 tons were sold in Wonthaggi.

From the 1st July, 1917, to the 30th June, 1921 (during the period that the Railway Department was obtaining coal overland from New South Wales), the prices paid by the Railway Department for coal supplied by the State Mine, exclusive of thin seam coal, 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 all other consumers should bear portion of the cost solely borne by the Victorian Railway Department for conveying overland that balance of its requirements which it had to obtain in that manner, owing to the fact that the Inter-State steamers employed in the coal-carrying trade from New South Wales were 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 coal, and a proportionate allowance on run-of-mine coal and slack coal.

On the 11th July, 1921, the Railway Department ceased overlanding coal from New South Wales, with the result that the 1s. 6d. per ton above referred to has been excised from the rates paid by the Department in the current year.

Up to 28th February, 1922, the Railway Department paid for screened coal *ex* thin seams at a rate based upon the cost of production, but since 1st March, 1922, screened coal *ex* thin seams has been supplied to the Department on a basis of its relative value in comparison with first-grade coals obtained sea-borne from New South Wales plus the preference of 1s. 3d. per ton.

LABOUR.

With the Working Agreement of the 6th March, 1916, as a basis, the wages and piece-work rates paid to all employees are in accordance with 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.

Net average 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.
.. 1920-21 (Hibble award operative from 27th September, 1920 only)	24s. 3·64d.
.. 1921-22 (Hibble award operative whole year)	26s. 2·64d.

As a result of a slight reduction in the average thickness of the coal seam, and an increase in the thickness of the dirt bands, the output per miner per shift showed a slight falling off as compared with the previous year; but the net average earnings of the miners amounted to 26s. 2·64d. per shift, or an increase of 1s. 11d. per shift, as compared with the previous year in which the Hibble award operated for nine months only.

Operations were suspended for five days on account of machinery troubles, while strikes, stop-work meetings and the like were responsible for a cessation of work for twelve days.

BORING.

During the year one steam drill and one oil drill have been in constant operation. Bores completed during the year and in progress at the 30th June, 1922, numbered 19, and during that period a total footage of 14,275 feet has been drilled.

Eastern Area. Boring during the year has been confined to testing an area (Kirrak area) to the north and the east of the proved eastern area.

To the east of the eastern area, and immediately adjoining same, bores passed through a small seam 16 inches in thickness at depths ranging from 777 to 1,038 feet, and this, judging from the overlying strata, appears to be the main seam thinning out eastward.

To the north and north-east of the eastern area difficulty has been experienced in boring, because of crushed strata, which necessitated the abandonment of six bores.

At depths varying from 989 to 1,199 feet from the surface, seven bores have proved a seam of good quality varying in thickness from 3 feet to 6 ft. 5 in. and averaging 4 ft. 11 in.

Boring so far completed in the Kirrak area (60 chains north and south by 70 chains east and west) indicates the probability of this area containing a gross quantity of 3,311,000 tons of coal. The area is apparently intersected by several large faults; but as the bores are widely separated, it is difficult to determine, at this juncture, the direction of strike or extent of dislocation.

Gross Tonnage of Coal, State Coal Mine Area.—After allowing for the output for the year, and adding my estimate for the Kirrak area, I calculate that the gross tonnage of coal still remaining for extraction is 17,919,595 tons.

Estimate as per last year's Report	15,163,176
Extracted during the year	504,165
Allowance 10 per cent. loss in working	50,416
		554,581
		<hr/> 14,608,595
Add Kirrak area	3,311,000
		<hr/> 17,919,595

NOS. 9 AND 10 PITS.

Due to the restricted working of No. 9 Pit and of the thin seams, the output has fallen to about 500 tons per day. The stone drive referred to in my last Report has been completed facilitating the haulage from Wilson's Dip area.

MCBRIDE TUNNEL.

The completion of the No. 14 air shaft and the installation of an exhaust fan, with a capacity of 150,000 cubic feet of air per minute, at a 6-in. water gauge, have improved conditions below ground in the McBride Tunnel, and permit of its further development.

Despite unfavorable factors in a reduced thickness of the seam and much faulting, the output has been increased from 850 to 1,000 tons per day.

In the north section two headings are being driven to the surface, to provide improved travelling facilities for miners and others employed in this pit.

EASTERN AREA.

The ventilation shaft No. 15 has been completed, and an exhaust fan, with a capacity of 150,000 cubic feet of air at a 6-in. water gauge, has been installed. This has improved the ventilation, and reduced the temperature below ground.

Numerous faults, varying from 20 to 60 feet, have tended to increase the cost of extraction in this pit; but the output has been increased from 420 to 600 tons per day.

STATION AREA.

In this pit the output is approximately 150 tons per day, but the workings are much faulted and restricted.

ELECTRICAL PLANT.

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

The output from the Power House was approximately $5\frac{1}{4}$ million units, as against $4\frac{1}{2}$ million units for the previous year. The demand for power taxed the capacity of the plant, and was the cause of boiler and turbine troubles.

It is proposed to substantially increase the plant, and tenders have been let for—

- 1. -1,000 kw. steam turbo-alternator and exciter, with condenser and auxiliary plant.
- 1. -Water tube boiler (equipped with chain grate stokers), having an evaporative capacity of 20,000 lbs. of water per hour, generating steam at a pressure of 160 lbs. per square inch.

When the additional plant shall have been installed, the Power House will have a capacity of 2,500 kw., and should be equal to meeting our full requirements.

WORKSHOPS.

Extensions have been made to the Mine workshops, and two new machines have been installed. As previously, almost the whole of the repair work for the Mine has been carried out in our own shops; and, in addition, a considerable amount of new work, including the manufacture of skips, pumps, fans, and winches has been undertaken.

GENERAL.

On the whole, the pits worked satisfactorily throughout the year, and there was a gratifying reduction in the time lost on account of strikes, stop-work meetings and the like. The increased output was reflected in a reduction in the cost of extraction of 7.28d. per ton, as compared with the previous year, due to the fact that the increased output had a favorable influence on "on cost" and overhead expenditure.

The Coal Industry Special Tribunal, established under the provisions of the *Industrial Peace Act 1920*, continued its sittings under the Chairmanship of Charles Hibble, Esquire; but throughout the year it was chiefly engaged in matters pertaining to the coal industry in New South Wales.

Recently the attention of the Coal Industry Special Tribunal has been directed to a claim lodged by the proprietors for a reduction of $33\frac{1}{3}$ per cent. in the wages and piece-work rates of persons employed in the coal-mining industry, but, at the time of writing, the Tribunal stands adjourned *sine die*, owing to the withdrawal from it of the representatives of the employees.

The total quantity of coal produced at the State Coal Mine since its inception some twelve years ago, amounts to approximately 5½ million tons, and this has favorably affected the prosperity of the State by keeping cash to the extent of more than 3½ million pounds sterling for circulation within the State, which would otherwise have been paid away in support of industries outside the State.

The capital liability of the Mine at the 30th June, 1922, was £232,983, against which cash was held in the Sinking Fund amounting to £88,786. The sum of £105,161 is also held in the Depreciation Fund, and this sum is available for constructing works or acquiring works, plant, or machinery (which would otherwise be chargeable to capital), or for replacing, renewing, or making good any kind of plant or machinery wholly or partly worn out, or which has become obsolete.

The profit earned for the year under review was £18,387 6s. 2d. Adding to this the credit balance brought forward from previous years, 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 net profit of £22,208 14s. 8d.

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, WONTHAGGL.

WORKING ACCOUNT FOR THE YEAR ENDED 30th JUNE, 1922.

1922. June 30.	£	s.	d.	£	s.	d.	1922. June 30.	£	s.	d.		
To Working Expenses including Salaries of £300 and over	491,026	11	4				By Sale of Coal	561,046	3	11		
Interest	8,803	14	0				Sundry Receipts	5,021	17	8		
Owners' Contribution to Accident Fund	714	12	9									
				500,544	18	1						
Balance carried to Profit and Loss Account				65,523	3	6						
				£566,068			1		7			
								£566,068			1	7

PROFIT AND LOSS ACCOUNT.

1922. June 30.	£	s.	d.	£	s.	d.	1922. June 30.	£	s.	d.		
To Sinking Fund Account				12,472	0	0	By Balance from Working Account	65,523	3	6		
Depreciation accrued for year	36,000	0	0									
Less Interest earned during the year on the Investments of the Depreciation Fund	1,336	2	8									
				34,665	17	1						
Depreciation Fund Account				18,387	6	2						
				£65,523			3		6			
								£65,523			3	6

GEO. FALLOON,
Accountant, State Coal Mine,
8th September, 1922.

GEO. H. BROOME,
General Manager, State Coal Mines,
8th September, 1922.

I certify that the accounts have been examined with the books and a reconciliation made with the accounts in the Treasury ledgers. That the net profits for the year amounted to £18,387 6s. 2d., after contributing £12,472 to the Sinking Fund and providing £36,000 for the depreciation works, machinery, and plant. I do not agree with the form of the Profit and Loss Account.

J. A. NORRIS,
Auditor-General,
3rd October, 1922.

