

1923.

VICTORIA.

ANNUAL REPORT OF THE GENERAL
MANAGER OF STATE COAL MINES,

INCLUDING

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

FOR THE

YEAR 1922-23.

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.

GENTLEMEN,

Wonthaggi, 17th September, 1923.

I have the honour to submit to you 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, 1923.

FINANCIAL.

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

Revenue							£460,791 12 0
Working Expenses					£428,486 5 1		
Interest on Capital					8,803 14 0		
					437,289 19 1		
Surplus, exclusive of provision for Sinking Fund and depreciation of assets							£23,501 12 11
Depreciation of assets					£30,000 0 0		
Less Interest on investments of Depreciation Fund					1,186 2 8		
					£28,813 17 4		
Loss for year 1922-23, after making the necessary provision for depreciation as above							£5,312 4 5

The financial position of the mine at the 30th June, 1923, was that, after allowing ample provision for Sinking Fund and for Depreciation that had accrued up to date, and after recouping the Consolidated Revenue an amount of £24,160, representing emergency expenditure incurred in opening up the Mine, the operations to date show a credit balance of £16,896 10s. 3d., as under:—

	£	s.	d.
Profit brought forward from previous years as shown in balance-sheet for 1921-22			
Loss for year 1922-23	22,208	14	8
			5,312 4 5
Profit earned during the period from the opening of the Mine to the 30th June, 1923	16,896	10	3
			16,896 10 3

DEPRECIATION.

Including the depreciation which accrued during the financial year 1922-23, 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, 1923, is £335,954. The estimate, in my opinion, makes ample allowance for the whole of the depreciation which has accrued up to the 30th June, 1923, and full provision therefor has been made by the transfer of cash from 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 1922-23 as in accordance with the basis explained in my Report for the year ended 30th June, 1917, the amount at the credit of the Fund is sufficient to cover the provision required up to the 30th June last. The full amount of the "net surplus profits" (£23,501 12s. 11d.) arrived at on the basis provided by the Act has, therefore, been allotted to the Depreciation Fund.

STATISTICAL.

The gross output for the year was 424,125 tons 18 cwt. 3 qrs., and the quantity disposed of was 400,866 tons 19 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 :—

1922.					tons	cwt.	qrs.
June 29th and 30th	..	..	..	..	4,305	18	1
July	..	..	..	..	49,342	5	2
August	..	..	..	..	52,473	4	1
September	..	..	..	..	43,990	2	2
October	..	..	..	..	45,211	15	0
November	..	..	..	..	41,132	15	3
December	..	..	..	..	28,881	5	3
1923.							
January	..	..	..	..	43	15	1
February	..	..	..	..	..	..	..
March	..	..	..	..	9,676	16	1
April	..	..	..	..	39,505	4	2
May	..	..	..	..	45,669	8	0
June 1st to 27th	..	..	..	..	40,634	8	2
					400,866	19	2

The coal was disposed of in the following grades :—

					tons	cwt.	qrs.
Screened	..	..	..	..	244,093	9	2
Run-of-mine	..	..	..	..	5,803	9	2
Slack	..	..	..	..	150,970	0	2
					400,866	19	2

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	224,455	4	3	5,669	4	2	132,445	0	1	362,569	9	2
Sold to Public Departments	12,279	9	3	..	..	3,248	8	3	15,527	18	2	
Sold to the General Public	7,358	15	0	134	5	0	15,276	11	2	22,769	11	2
				244,093	9	2	5,803	9	2	150,970	0	2	400,866	19	2

After carefully considering the factors likely to influence the output for the year under review, I estimated that an output of 522,500 tons would be obtained between the 1st July, 1922, and the 30th June, 1923, but the yield fell short of this estimate by 98,374 tons, and the actual output was 80,039 tons less than the quantity mined in the preceding financial year.

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

					Approx. effect loss in output. Tons
Strikes and the like	..	..	..	..	138,000
Machinery mishaps	..	..	..	..	1,600
Total	..	..	..	..	139,600

From the above it will be seen that the reduction in output was due almost solely to the cessation of operations for eleven weeks by a strike of employees hereinafter referred to. Had the strike not occurred, my estimate of output would have been exceeded.

Omitting the strike period, the average number of employees throughout the year was 1,566, or inclusive of the strike period, 1,258, as follows:—

	Exclusive strike period.	Inclusive strike period.
Coal miners	709	545
Wheelers	154	118
Others below ground	335	283
Surface men	368	312
	<hr/> 1,566	<hr/> 1,258

SELLING PRICE OF COAL.

The prices received at the Mine for the financial year ended 30th June, 1923, were as under:—

<i>Supplied to Railway Department.</i>		
Screened .. .. .	.. .. .	22s. 5d. per ton.
Screened from thin seams .. .. .	.. .. .	22s. 5d. „
Run-of-mine .. .. .	.. .. .	21s. 9d. „
Slack .. .. .	.. .. .	20s. 9d. „
<i>Supplied to Public Departments.</i>		
Screened .. .. .	.. .. .	26s. 8d. per ton
Slack .. .. .	.. .. .	24s. 6d. „
<i>Supplied to the General Public.</i>		
	From 9.4.23 to 19.5.23.	From 21.5.23 to 16.6.23.
Screened	23s. 6d. per ton	25s. 0d. per ton
Slack	22s. 0d. „	22s. 0d. „

On the 4th December, 1922, an Act was passed which gave authority for the sale of screened coal to the General Public, and, it will be observed, that sales of screened coal to the General Public amounted to 7,359 tons. However, with the exception of a small quantity of coal that is being sold to Public Departments and to semi-public Institutions, the whole of the output is now being supplied to the Railway Department.

The rates quoted above are for coal delivered into trucks at the pit's mouth.

The prices paid by the Railways Department for coal supplied by the State Mine, inclusive 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 a preference of 1s. 3d. per ton on screened coal and a proportionate allowance on run-of-mine coal and slack coal.

LABOUR.

The awards of Charles Hibble, Esquire, Chairman of the several Tribunals established under the *Industrial Peace Act* 1920, as applied to the working Agreement of 6th March, 1916, operated throughout the year, and the wages and piece-work rates of all employees were governed by such awards.

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	24s. 3.64d.
„ 1921-22	26s. 2.64d.
„ 1922-23	25s. 7.30d.

As a result of a reduction of 4 inches in the thickness of the coal seam the output per miner per shift showed a slight falling off (0.18 ton) as compared with the previous year. The industrial trouble which occurred during the year is primarily responsible for a falling-off of sevenpence per shift in the average earnings of the coal miners.

Strikes, stop-work meetings and the like were responsible for a cessation of work for sixty-seven days, and on three occasions sectional stoppages took place as a result of machinery troubles.

The Station Area Pit was closed for eleven days during the year owing to machinery trouble at the Power House, but the men were transferred to other pits.

BORING.

Due to the strike and other causes, the oil drill was out of commission for five and a half months and the steam drill for six and a half months.

Both plants have been operating in the Kirrak Area. Bores completed during the year and in progress at 30th June, 1923, numbered six and a total footage of 4,731 feet was drilled.

Extensive dislocation by faulting is still in evidence on the eastern side of the Kirrak Area, and the sinking of two bores had to be abandoned.

The result of the year's boring enables me to increase my estimate of the extent of the payable coal-bearing area in Kirrak by 250 acres, containing probably 1,500,000 tons of workable coal.

Gross Tonnage of Coal, State Coal Mine Area.—After allowing for the output for the year, and adding the 1,500,000 tons referred to above, I estimate that the gross tonnage of coal still remaining for extraction is 19,001,058 tons:—

				Tons.	Tons.
Estimate as per last year's report	..	..	..	..	14,608,595
Extracted during year	..	..	..	424,125	
Allowance loss in working	..	..	..	42,412	
				—————	466,537
					14,142,058
Add Kirrak Area (1921-22 report)	..	..	..	3,311,000	
Add Kirrak Area development 1922-23	..	..	..	1,548,000	
				—————	4,859,000
Estimated total gross tonnage, State Coal Mine Area	..	..	..	..	19,001,058

NOS. 9 AND 10 PITS.

The number of parties working on pillar extraction has been further reduced, and on this account the output has fallen from 500 tons to 350 tons per day. A 40-ft. up-throw fault has been crossed in Wilson's Dip Section and the amount of coal available in this area is now about 600,000 tons.

One of the boring plants was used to further prospect the Western Rise Section. Three prospecting bores were put down, and development is now proceeding to open up the section again.

MCBRIDE TUNNEL.

The output from McBride Tunnel has been maintained at 1,000 tons per day. The No. 4 Bench seam has been further developed, and the coal in this seam is similar in quality to that being mined at the Eastern Area, but the seam is steeply inclined.

On a fault about 10 chains from the main tunnel a little firedamp has been given off, but every precaution is being taken to guard against its ignition.

The two surface headings referred to in my last report are still in progress, but their completion has been retarded by the strike, and also by the faulted nature of the country.

EASTERN AREA.

The output has been maintained at 600 tons per day despite the irregular and faulted nature of the deposit, which has rendered the work of development abnormally heavy and the cost of production high.

Besides numerous small faults, two down-throw faults of 40 feet and three of 20 feet have been negotiated during the year.

STATION AREA.

In this pit the output has slightly increased due to the fact that most of the work is now pillar extraction. The output is 175 tons per day.

DEVELOPMENT.

The present average daily output of 2,125 tons is the maximum obtainable from the area in which we are at present operating, and to maintain this output steps are now being taken to proceed with the development of an area known as the "Dudley Area" and situated north of the present McBride Tunnel workings.

The estimated quantity of coal contained in the Dudley Area is 2,469,000 tons :—

	Tons.
Upper seam	1,473,000
Lower seam	996,000
Total	2,469,000
Less for loss in working	493,800
Net reserve	1,975,200

The output obtainable from this source (together with an increased output from the Eastern Area) will enable me to maintain our present output upon the exhaustion of Station Area and will counterbalance any diminution in the output from McBride Tunnel.

Looking still further ahead, consideration is being given to the further development of the Eastern Area by the exploitation of the Kirrak Area which, it will have been observed, contains over 4,000,000 tons of coal. This area will be developed prior to the exhaustion of Pits Nos. 9 and 10 in order to replace the output now being obtained from the latter source and to compensate for a further reduction in the output from the McBride Tunnel.

There are great difficulties in the way of developing the State Mine for a large and constant output, chief of which are the irregular and faulted nature of the deposit, which renders the work of development heavy and the cost of production high as compared with normal coal fields and normal conditions. The output of the Mine is very detrimentally affected by the thinness of the seam in some parts and the thick bands of stone which occur in it, necessitating, in some sections of the Mine, the mining of as much stone as coal.

Last year the output was 424,000 tons. We have aimed at obtaining an output of 500,000 tons of coal per year but, up to date, in three years only has the output exceeded 500,000 tons, and from my remarks in the foregoing paragraphs it will be obvious that it is difficult to forecast development and to guarantee a definite output.

Boring operations are now almost solely confined to the Kirrak Area, in which we have, up to date, located over 4,000,000 tons of coal. I am hopeful that further boring will enable me to increase my estimate of the coal reserves in the Kirrak Area, and the indications are that these reserves are more extensive than has been definitely proved up to the present. Apart, however, from a possible extension of the coal reserves in Kirrak, there is little probability of locating any further areas of coal in the State Mine reservation.

Provided that there is no serious interruption of work, I consider it possible to maintain an output of 500,000 tons and upwards per year.

ELECTRICAL PLANT.

The main generating plant and sub-stations, though heavily taxed, have continued in successful operation throughout the year. Although, on account of strikes, &c., the Mine was idle for sixty-seven days as compared with twelve days in the preceding financial year, approximately 5,000,000 units were generated as against 5,250,000 during the year ended 30th June, 1922.

The installation at McBride Tunnel and at the Eastern Area respectively of two exhaust fans, with a capacity of 150,000 cubic feet of air per minute at a 6-in. water gauge, heavily taxed the capacity of the existing generating plant. To cope for this load and to provide for the demand

for the extension of the workings in the Eastern Area and the installation of auxiliary haulages, &c., it was decided to substantially increase the capacity of the plant as indicated in my last report. It is hoped to have the additional plant in commission by the end of the present year, when the capacity of the Mine Power House will be 2,500 kw.

WORKSHOPS.

A new milling machine and lathe have been added to the equipment of the workshops. In connexion with the installation of the additional Power House plant we have manufactured in our own workshops elevators, circulating plant, roof trusses, &c., while we have continued to execute practically the whole of the repair work for the Mine, as well as to manufacture skips, fans, pumps, and various mine equipment.

GENERAL.

As compared with last year, in which work proceeded with an interruption of twelve days only, operations were suspended in the year under review due to strikes and the like for 67 days. The most serious interruption of work was occasioned by a strike which lasted from 4th January, 1923, to the 21st March, 1923. After considerable negotiations the dispute was settled by the appointment of Sir Robert Gibson as an Arbitrator to determine the maximum width of bord that might be worked in hand mining, longwall, without the payment of "overthrow." His Award, issued on the 11th May, 1923, fixed such maximum width at 40 feet. The management desired to work bords up to 42 feet in width without paying for overthrow, and the miners sought to have a standard width of 33 feet established. The extreme futility of the strike is apparent.

The strike referred to above and other stoppages were the factors which unfavorably affected the cost of production. As a result of the decreased output, and on account of the fact that overhead expenses are not reducible in proportion to the output, there was an increase in the cost of extraction as compared with 1922-23 of 9·1d. per ton.

During the year the Chairman of the Coal Industry Special Tribunal (Charles Hibble, Esquire) decided the application made by the Colliery Proprietors for the States of New South Wales, Victoria, Queensland, and Tasmania for a reduction of 33½ per cent. in the present rates paid to the following classes of employees:—

- (a) All contract workers (miners, machine men, shooters and fillers, wheelers, &c.);
- (b) All off-hand employees, including boys and youths;
- (c) In the case of miners, machine men, wheelers, and similar contract workers, where there is an existing minimum day wage, including the minimum paid for deficient places, such minimum to be reduced by the said 33½ per cent.

The whole of the case was exhaustively examined, and the Tribunal failed to arrive at any agreement. It then devolved upon the Chairman to give expression to his opinion which under the Act prevails.

Basing his Award principally upon the intermittency of work in the collieries of New South Wales and Queensland, he made the following pronouncement on 23rd March, 1923:—

"I cannot award any reduction to the minimum wage hands . . . and I decline to interfere with the present pay of the remaining off-hand employees included in clause (b) or the particular employees covered by clause (c) of the claim."

As the intermittent nature of employment in coal mines in New South Wales and Queensland was taken prominently into consideration by Mr. Charles Hibble in refusing the Colliery Proprietors' application for a reduction, Victorian mines were penalized on account of conditions of trade existing in New South Wales and Queensland but absent here.

The total quantity of coal produced at the State Coal Mine since its inception amounts to approximately 5,750,000 tons, and this has favorably affected the prosperity of the State by keeping cash to the extent of nearly £4,000,000 sterling for circulation within the State which would otherwise have been paid away in support of industries outside the State.

By its influence on the price of New South Wales coal and by its own dependent population, the State Coal Mine has influenced the prosperity of the State in directions that cannot be indicated in the balance-sheet which, on this account, does not reflect the full value of the Mine to the community.

The balance-sheet for the year under review discloses a loss on working of £5,312 4s. 5d., and this loss is solely due to the stoppage of eleven weeks due to the strike previously referred to, which, apart from the loss of profit, cost the Mine £12,000. Deducting this loss from 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 £16,896 10s. 3d.

The capital liability of the Mine at 30th June, 1923, was £232,983 against which cash was held in the Sinking Fund amounting to £92,297. The sum of £108,831 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 partially worn out or which has become obsolete.

I have the honour to be,

Sirs,

Your obedient servant,

GEO. H. BROOME,
General Manager.

The Victorian Railways Commissioners,
Melbourne.

STATE COAL MINE, WONTHAGGI

WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1923.

1923.		1923.		1923.	
June 30.		June 30.		June 30.	
To Working Expenses, including Salaries of £300 and over	£ 427,877 3 3	By Sale of Coal .. .. .	£ .. .. .	.. .. .	£ 455,841 12 8
Interest	8,803 14 0	Sundry Receipts .. .. .	.. .. .	.. .. .	4,949 19 4
Owners' Contribution to Accident Fund	609 1 10				
Balance carried to Profit and Loss Account	437,289 19 1				
				
	£460,791 12 0				£460,791 12 0

PROFIT AND LOSS ACCOUNT.

1923.		1923.	
June 30.		June 30.	
To Depreciation accrued for year	£ 30,000 0 0	By Balance from Working Account	£ 23,501 12 11
Deduct Interest earned during the year on the Investments of the Depreciation Fund	1,186 2 8	Balance (loss for year)	5,312 4 5
	£28,813 17 4		£28,813 17 4

GEO. FALLOON,
Accountant, State Coal Mine.
17th September, 1923.

J. A. NORRIS,
Auditor-General.

GEO. H. BROOME,
General Manager, State Coal Mines,
17th September, 1923

STATE COAL MINE, WONTHAGGI.

CAPITAL ACCOUNT.

Statement showing Receipts and Expenditure on Capital Account from the commencement of the Mine to the 30th June, 1923.

RECEIPTS.		EXPENDITURE.	
	£ s. d.		£ s. d.
Stock issued under the provisions of Act 2630	Land Purchased	.. ..
Stock issued under the provisions of Act 2429	Shaft Sinking, Development &c.	.. ..
		Buildings, Poppet Heads, &c.	.. ..
		Machinery	.. ..
Deduct Expenses of Flotation	Electric Plant	.. ..
		Rails, Tubs, Ropes, Plant, &c.	.. ..
		Horses, Harness, &c.	.. ..
		Office Furniture and Scientific Instruments	.. ..
		Cash at Credit of Loan Account	.. ..
			239,431 15 3
			9,966 16 7
			<u>£249,398 11 10</u>

*Note.—Of this amount £7,050 has been redeemed from Sinking Fund.

GEO. FALLOON,
Accountant, State Coal Mine,
17th September, 1923.

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