

1927.

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 1926-27.

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.

State Coal Mine,

Wonthaggi, 29th August, 1927.

GENTLEMEN,

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, 1927.

FINANCIAL.

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

	£	s.	d.	£	s.	d.
Revenue				687,365	9	5
Working Expenses	600,447	14	2			
Interest on Capital	9,671	5	4			
				610,118	19	6
Surplus, exclusive of provision for Sinking Fund and Depreciation of Assets				77,246	9	11
Contribution to Sinking Fund	12,472	0	0			
Depreciation of Assets (general)	36,000	0	0			
Depreciation, special (McBride Tunnel)	20,000	0	0			
				68,472	0	0
Profit for the year after making provision for Sinking Fund and Depreciation of Assets as above				8,774	9	11

As mentioned in previous reports, subsidies amounting to £140,625 have been received from the Railway Department, of which, however, an amount of £37,267 15s. 10d. was repaid this year. The financial position of the Mine (after allowing for the refund referred to) at the 30th June, 1927, was that, after allowing ample provision for Sinking Fund and Depreciation that had occurred to date, and after recouping the Consolidated Revenue an amount of £24,160 representing emergency expenditure incurred in opening up the Mine, and including also an amount of £37,000 spent in connexion with the rehabilitation of the McBride Tunnel (charged to Working Expenses in the financial year ended 30th June, 1925), the operations to the date covered by this Report show a credit balance of £30,435 0s. 2d. :—

	£	s.	d.
Credit balance at 30th June, 1926, including subsidies from Railway Department amounting to £140,625	21,660	10	3
Profit for year 1926-27 as shown above	8,774	9	11
	30,435	0	2
Credit balance at 30th June, 1927, including subsidies from Railway Department amounting to £103,357 4s. 2d.			

DEPRECIATION.

Including the depreciation which accrued during the financial year 1926-27, as above mentioned, I estimate the depreciation of the assets for the whole of the period from the opening up of the Mine to the 30th June, 1927, is £485,954. This estimate (which includes the writing off of £20,000, portion of the cost—£38,000—of the reconditioning of McBride Tunnel charged against the Depreciation Fund), in my opinion, makes ample provision for the whole of the depreciation which accrued up to the 30th June, 1927, and provision therefor has been made by the transfer of cash from Mine income to the credit of the Depreciation Fund.

SINKING FUND.

An amount of £12,472 has been transferred to the Sinking Fund from the Mine Income Account, 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 612,268 tons 12 cwt. 2 qrs., and the quantity disposed of was 592,698 tons 15 cwt. 2 qrs., the difference being accounted for by—

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

The monthly consignments were as follow :—

1926.		tons.	cwt.	qrs.
June 24th to 30th	.. .. .	10,612	4	0
July	.. .. .	60,706	8	3
August	.. .. .	55,849	5	3
September	.. .. .	56,523	1	3
October	.. .. .	55,278	3	3
November	.. .. .	44,453	13	3
December	.. .. .	39,981	11	1
1927.				
January	.. .. .	38,193	11	1
February	.. .. .	47,747	4	0
March	.. .. .	53,013	8	0
April	.. .. .	42,853	10	1
May	.. .. .	53,843	5	3
June 1st to 22nd	.. .. .	33,643	7	1
		592,698	15	2

The coal was disposed of in the following grades :—

	tons.	cwt.	qrs.
Screened	310,958	5	3
Run-of-mine	7,862	8	1
Slack	273,878	1	2
	592,698	15	2

and sales were made as under :—

—	Screened.			Unscreened.			Slack.			Total.		
	tons	cwt.	qrs.	tons	cwt.	qrs.	tons	cwt.	qrs.	tons	cwt.	qrs.
Sold to Railway Department	259,270	13	2	7,862	8	1	201,660	12	3	468,793	14	2
Sold to Public Departments	23,289	9	3	..	..	..	3,226	10	2	26,516	0	1
Sold to General Public	28,398	2	2	..	..	..	68,990	18	1	97,389	0	3
	310,958	5	3	7,862	8	1	273,878	1	2	592,698	15	2

The output for the twelve months ended 30th June, 1927, exceeded by 116,405 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 30th June, 1927, work proceeded with little interruption. In the past year (apart from small sectional stoppages) operations were suspended for fifty-three (53) days on account of strikes and the like, but in the present year the time lost from all causes was fourteen (14) days only, and on this account there was an increase of 22 per cent. in the number of shifts worked by miners on coal.

The average number of persons employed throughout the year, as compared with the number employed during the previous year, was as follows :—

	1925-26.	1926-27.
Coal miners	711	742
Wheelers	174	123
Others below ground	487	299
Surface men	449	376
	1,821	1,540

The decrease in the number of persons, other than miners, employed both below ground and on the surface, was due principally to the completion of the work involved in the reconditioning of the McBride Tunnel and the development of the Dudley Area, including the surface lay-out.

SELLING PRICE OF COAL.

The prices received at the Mine for the financial year ended 30th June, 1927, were as follow :—

Sales to Railway Department.

				From 1st July, 1926, to 13th September, 1926— *Rate per Ton f.o.r. State Mine.	From 14th September, 1926, to 30th June, 1927— *Rate per Ton f.o.r. State Mine.
				<i>s. d.</i>	<i>s. d.</i>
Screened	..	..	..	25 2	24 10
Run-of-mine	..	..	..	23 4	23 0
Slack	..	..	..	21 1	20 10

* Subject to a reduction sufficient to admit of the payment by the Mine to the Railways of the sum of £37,267 15s. 10d., representing part of the subsidy made to the Mine by the Railway Department in 1924-25.

Sales to Public Departments and to the General Public.

					From 1st July, 1926, to 31st July, 1926— Rate per Ton in Truck Lots f.o.r. State Mine.	From 1st August, 1926, to 30th November, 1926— Rate per Ton in Truck Lots f.o.r. State Mine.	From 1st December, 1926, to 30th June, 1927— Rate per Ton in Truck Lots f.o.r. State Mine.
					<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Screened	..	..	..	..	26 0	27 0	27 6
Slack	..	..	..	..	23 0	23 6	24 0

The policy of the Commissioners has been to fix the price of State Mine coal supplied to the Railway Department on its relative value as ascertained by the Department in comparison with first grade coal obtained sea-borne from New South Wales. In addition to payment at the rates thus ascertained the Railway Department, over a period of years, subsidized the Mine to the extent of £140,625. This enabled the Mine to carry on without loss and without becoming a charge upon the Consolidated Revenue, and without the necessity for seeking the provision of additional capital; thus establishing it upon a basis on which, in the current financial year, it was not only able to yield a profit, but to reduce the amount of the subsidies by £37,267 15s. 10d.

The policy of offering for sale to the general public State Mine screened coal and slack coal was continued during the year with an appreciable amount of success. At the date of writing slack to the extent of approximately 2,000 tons per week is being sold at 24s. per ton in trucks at the Mine for industrial purposes, and is being used by electric supply undertakings and various manufacturers with excellent results. Screened coal to the extent of approximately 1,000 tons per week is also being sold for industrial purposes as well as for household use, and at the date of writing the price of best black screened coal is 27s. 6d. per ton in truck lots, f.o.r., State Mine. In November, 1926, a retail depot was established at the Montague siding, and from this depot householders, restaurateurs, and small industrial concerns are being supplied with the best quality of screened household coal in bags at the rate of 40s. per ton ex depot.

Since State Mine coal was made available for sale to the general public on the 11th November, 1925, there has been a gratifying and increasing demand, and it is becoming generally recognized that, taking price and quality into consideration, State Mine coal is an efficient and economical fuel. On this account it is expected that within a short period sales to the general public will absorb the full quantity available for disposal in this direction.

LABOUR.

With the working agreement of the 6th March, 1916, as a basis, wages and piece-work rates paid to employees who are members of the Australasian Coal and Shale Employees Federation are governed by the awards of the Coal Industry Special Tribunal established under the *Industrial Peace Act 1920* to deal with the wages and conditions of employment of persons engaged in the coal industry. The wages of certain other grades are governed either by awards of tribunals established under the *Industrial Peace Act*, or by the awards of Wages Boards or of the Commonwealth Court of Conciliation and Arbitration where applicable.

The net average earnings per shift of the contract miners, after deducting the cost of explosives, in each of the past fourteen years are as follow :—

					s.	d.
Financial year	1913-14	..	..	..	13	11·49
„	1914-15	..	..	..	13	11·64
„	1915-16	..	..	..	14	6·16
„	1916-17	..	..	..	16	2·10
„	1917-18	..	..	..	17	7·56
„	1918-19	..	..	..	17	10·01
„	1919-20	..	..	..	20	5·19
„	1920-21	..	..	..	24	3·64
„	1921-22	..	..	..	26	2·64
„	1922-23	..	..	..	25	7·30
„	1923-24	..	..	..	25	10·20
„	1924-25	..	..	..	26	11·30
„	1925-26	..	..	..	27	2·91
„	1926-27	..	..	..	26	6·03

The amount disbursed in wages in each of the past fourteen years is as 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
„	1921-22	..	..	..	420,632
„	1922-23	..	..	..	362,464
„	1923-24	..	..	..	446,786
„	1924-25	..	..	..	429,254
„	1925-26	..	..	..	474,861
„	1926-27	..	..	..	479,195

Although the total average number of employees was less by 281 than in the previous financial year, the amount disbursed in wages exceeded by £5,666 the amount paid in the previous financial year.

In 1925-26 fifty-three days were lost on account of industrial troubles and the like, but in the year under review, work was suspended for three days only on this account, although in addition four days were lost on account of fatal accidents, and seven days on account of shortage of trade, machinery mishaps, &c.

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

BORING.

Two oil drills have been in operation during the year.

Bores completed during the year, and in progress at the 30th June, 1927, numbered seventeen, and a total footage of 13,060 feet was drilled.

The steam drill completed the bore referred to in my last report and was then dismantled.

No. 1 oil drill operated for the whole of the year in the parish of North Wonthaggi, on the north side of the Powlett River. Eight bores were completed, and one was in progress at the 30th June, the total footage being 7,032 feet.

No. 2 oil drill was used for sinking three bores in the same district, having a total footage of 3,121 feet. This drill was then utilized for the closer boring of the Dudley Area, where four bores totalling 2,159 feet in depth were sunk.

Boring in the North Wonthaggi parish has proved the existence of a seam of coal 26 inches in thickness between the Powlett River and a large up-throw fault running south of east from the township of Archies Creek, but this area could not be worked profitably as, contrary to my expectations, the coal seam is thin and much faulted.

Gross Tonnage of Coal, State Mine Area.—From the foregoing it will be observed that the results of boring in the year under review do not affect the estimate contained in my last annual report of the gross tonnage of coal in the State Mine area, which, after taking into consideration the quantity mined during the year, is as follows :—

	Tons.	Tons.
Estimate (Annual Report 1925-26) .. ..	..	16,444,000
Extracted during the year (approximately) ..	600,000	
Allowance for loss in working	90,000	
	<hr/>	690,000
Estimated total gross tonnage, State Mine area ..	..	<hr/>15,754,000 <hr/>

McBRIDE TUNNEL.

An output of upwards of 700 tons per day has been maintained, but, with the development of the No. 4 West Section and of an area of coal to the south-east of this pit in both Nos. 3 and 4 Benches, the output should increase to 800 tons per day before the end of the ensuing financial year.

In order to lessen the fatigue of the men in travelling underground to and from their working faces in this pit it has been decided to equip the No. 14 Air Shaft for the purpose of raising and lowering the men employed in No. 3 and No. 4 Benches, at an estimated cost of £15,000. It is anticipated that this work will be completed before the end of the present calendar year.

No. 10 PIT.

This pit is rapidly approaching exhaustion, and will be worked out during the ensuing financial year. The present output is 150 tons per day. On the completion of operations in No. 10 Pit the persons employed therein will be transferred to McBride Tunnel and/or Dudley Area.

EASTERN AREA.

The endless rope haulage referred to in my last report has been installed for the purpose of accelerating the development of an area of 2,250,000 tons of coal beyond a 400-ft. down-throw fault, but it has not been considered advisable to extensively open out the coal in this section until efficient ventilation has been provided. Arrangements with this end in view are now in progress. No. 18 Air Shaft is being sunk, and the main headings to connect are being driven towards the site of the shaft bottom. When this work has been completed the present output of 450 tons per day will be materially increased.

STATION AREA.

Operations in this pit are proceeding satisfactorily, and an output of about 100 tons per day is being obtained. The coal in this pit will have been worked out before the end of the ensuing year, and the men will be transferred to the McBride Tunnel and/or Dudley Area.

DUDLEY AREA.

In addition to the mechanical haulages referred to in my last report, a haulage has been installed in the south section, top level, and another is operating in the east and west sections, bottom level.

A pump, capable of dealing with an inflow of water of 50,000 gallons per hour, has been installed for the purpose of dealing with the water which is expected to reach the pit from the surface through broken ground when the pillars are being extracted.

The output at present is about 1,050 tons per day, and this will be increased to about 1,160 tons during the ensuing financial year.

DEVELOPMENT.

Whilst it is expected that the coal in No. 10 Pit and Station Area will have been worked out before the end of the ensuing financial year, the exhaustion of these pits has been anticipated by the development of the McBride Tunnel, Eastern Area, and Dudley Area. Such development will provide for the maintenance of the present output.

Boring operations in the parish of North Wonthaggi on the north side of the Powlett River were disappointing, but an area between the Powlett River and the boundary of the old Powlett North Woolamai lease is now being bored, and it is hoped to link up this area with the bottom level seam at present being worked in the Dudley Area pit.

ELECTRICAL PLANT.

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

The total number of units generated was 7,640,000, or an increase of 40,000 units as compared with the output during the previous financial year.

In connexion with the sinking of the No. 18 Ventilation Shaft, a power supply has been made available at the shaft top, and this necessitated the erection of a high tension transmission line and also of a sub-station.

WORKSHOPS.

A new lathe has been added to the equipment of the workshops, and an additional radial drilling and tapping machine has been provided, and an oxy-acetylene welding plant will shortly be installed. The additional plant will facilitate and expedite construction and repair work which it has been found satisfactory and economical to carry out ourselves. This work during the year under review included practically the whole of the repair work of the Mine, in addition to the manufacture of cages, screening plants, conveyors, pumps, winches, skips, &c.

COAL INDUSTRY SPECIAL TRIBUNAL.

The Chairman of the Coal Industry Special Tribunal, Charles Hibble, Esq., at the invitation of the Victorian Railways Commissioners and the Australasian Coal and Shale Employees Federation (Victorian Branch) acted as a private arbitrator "in the matter of certain rates and conditions arising out of the employment of members of the said Federation at the State Coal Mine, Wonthaggi, Victoria."

After hearing evidence from both parties in respect of the twenty-four (24) claims listed, Mr. Hibble issued a comprehensive award on the 9th July, 1926.

ENGINEERS (COAL INDUSTRY) SPECIAL TRIBUNAL.

On the 31st March, 1927, an award, which repealed previous awards of the Engineers (Coal Industry) Special Tribunal, was issued by Charles Hibble, Esq., for and on behalf of the Engineers (Coal Industry) Special Tribunal. This award fixed the hours of work and the conditions of employment of members of the claimant organization, but refused claims for increases in rates of wages.

ENGINE-DRIVERS (COAL INDUSTRY) SPECIAL TRIBUNAL.

By an award dated the 16th July, 1926, issued by Charles Hibble, Esq., for and on behalf of the Engine-drivers (Coal Industry) Special Tribunal, Mr. Hibble dismissed an application by the Federated Engine-drivers and Firemen's Association for increased wages and improved working conditions.

On the 10th March, 1927, Mr. Hibble, for and on behalf of the Engine-drivers (Coal Industry) Special Tribunal, varied an award of the Tribunal of the 24th February, 1926, by amending the clause relative to crib time.

GENERAL.

The total quantity of coal produced at the State Coal Mine since its inception amounts to 7,723,646 tons, and this has favorably affected the prosperity of the State by keeping cash to the extent of £7,500,000 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, 1927, was £242,950, against which cash was held in the Sinking Fund amounting to £141,452, whilst the sum of £78,070 was also held in the Depreciation Fund.

In my Annual Report covering the operations of the Mine for the year ended 30th June, 1926, I remarked "Although the operations in each of the last four financial years have resulted in a loss, I am of opinion that a more favorable result may be expected in the ensuing year, arising chiefly from an anticipated increase in the output, the development of the Dudley Area, an increase in the thickness of the coal seam, an improvement in the quality of the coal, and the sale of coal to the general public." These favorable factors had, as I anticipated, the effect of bringing about a decrease in working expenses and an increase in revenue, with the result that the operations of the Mine for the financial year under review show a profit of £8,774 9s. 11d.

The Balance-sheet and Statement of Accounts for the year, and a general comparative statement of the results of the working of the Mine since its inception, are embodied in Appendices Nos. 1 and 2 attached.

I have the honour to be,

Sirs,

Your obedient servant,

GEO. H. BROOME,
General Manager.

Victorian Railways Commissioners,
Melbourne.

APPENDIX No. 1—continued.

STATE COAL MINE, WONTHAGGI.

WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1927.

1927.		1927.		1927.	
June 30.		£	s. d.	June 30.	£ s. d.
To Working Expenses, including Salaries of £300 and over .. .. .	..	599,699	5 8	By Sale of Coal	678,118 11 7
Interest .. .. .	..	9,671	5 4	Sundry Receipts	9,246 17 10
Owners' Contribution to Accident Fund .. .. .	..	748	8 6		
		<hr/>			
Balance carried to Profit and Loss Account .. .. .	..	£610,118	19 6		
		..	77,246 9 11		
		<hr/>			
		£687,365	9 5		

PROFIT AND LOSS ACCOUNT.

1927.		1927.		1927.	
June 30.		£	s. d.	June 30.	£ s. d.
To Sinking Fund Account .. .. .	..	12,472	0 0	By Balance from Working Account	77,246 9 11
Depreciation accrued for year .. .. .	..	36,000	0 0		
Depreciation McBride Tunnel .. .. .	..	20,000	0 0		
Depreciation Fund Account .. .. .	..	8,774	9 11		
		<hr/>			
		£77,246	9 11		

The accounts have been examined with the books of the Coal Mine, with which they agree. The accounts do not show a repayment to the Railways, to which reference is made in my Annual Report.

GEO. FALLOON,
Accountant, State Coal Mine.
29th August, 1927.

GEO. H. BROOME,
General Manager, State Coal Mines.
29th August, 1927.

APPENDIX No. 2.

STATE COAL MINE, WONTHAGGI.

GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1927.

1 Year.	2 Capital Raised.	3 Capital Expended.	4 Coal Raised.	5 Revenue Receipts.	6 Revenue Expenditure.	7 Surplus.	8 Deficit.	9 Provision included in Expenditure as per Column 6,		10 Amount at Credit of Sinking Fund after allowing for interest and for Repayments of Capital.	11 Wages Paid.	12 Interest paid on Capital.	13 Average No. of Employees.	14 Miners, net average earnings per Shift.	15 Estimated Coal Reserves.
								Depreciation.	Sinking Fund.						
1909-10	£ 36,000	£ 35,906	Tons. 41,274	£ 24,861	£ 46,695	£ ..	£ 21,834	£ ..	£ 7,050	£ 37,112	£ ..	£ 900	s. 14	d. 4.00	20
1910-11	141,000	95,730	396,042	171,766	160,459	11,307	8,817	5,745	7,942	145,407	2,468	946	13	1.00	20
1911-12	161,605 ^c	167,701	470,261	198,762	207,579	..	..	10,709	9,000	175,274	4,303	1,191	13	8.00	26
1912-13	203,866	203,956	462,559	213,174	205,980	7,194	..	25,546	9,578	145,419	6,107	939	13	5.51	28
1913-14	225,141	220,316	510,490	239,298	237,599	1,699	..	25,000	10,800	158,812	6,332	1,011	13	11.49	28
1914-15	250,000	241,356	567,057	268,105	256,629	11,476	..	33,000	10,760	178,086	8,436	1,130	13	11.64	28
1915-16	250,000	241,084	452,798	246,000	243,224	2,776	20,630	30,954	10,760	159,027	8,804	1,015	14	6.16	28
1916-17	250,000	240,816	372,007	242,918	263,548	..	..	25,000	..	52,274	8,803	1,161	16	2.10	19
1917-18	250,000	240,653	382,867	294,538	289,379	5,159	..	25,000	..	54,235	8,804	1,226	17	7.56	16
1918-19	250,000	240,239	343,318	285,099	293,510	..	8,411	27,000	177	56,446	8,804	1,255	17	10.01	16
1919-20	250,000	240,225	424,985	426,405 ^a	405,343	21,062	..	30,000	6,236	64,798	8,804	1,390	20	5.19	15
1920-21	250,000	240,218	368,239	426,659	423,818	2,841	..	32,000	6,236	73,469	8,804	1,193	24	3.64	15
1921-22	250,000	240,033	504,165	567,404	549,017	18,387	..	36,000	12,472	88,786	8,804	1,554	26	2.64	18
1922-23	250,000	240,033	424,126	461,978	467,290	..	5,312	30,000	..	92,297	8,804	1,566	25	7.30	19
1923-24	250,000	240,033	489,630	558,572	554,617	3,955 ^b	..	30,000	6,236	102,350	8,956	1,596	25	10.20	21
1924-25	250,000	250,000	405,695	499,043	498,775	268 ^d	..	30,000	6,236	112,802	9,148	1,688	26	11.3	17
1925-26	250,000	250,000	495,864	540,295	539,754	541 ^e	..	34,000	6,236	123,749	9,667	1,821	27	2.91	16½
1926-27	250,000	250,000	612,269	687,365	678,591	8,774	..	56,000	12,472	141,452	9,671	1,540	26	6.03	15½
			7,723,646	6,352,242	6,321,807	95,439	65,004	485,954	111,431	4,922,799	135,519				
				Surplus to date	..	..	30,435	..	..	..	..	..	..	..	..
						..	95,439	..	..	..	..	..	..	..	..

(a) Including £25,382 to the Mine in former years.

(b) Inclusive of a subsidy of £35,625 made to the Mine by the Railway Department and exclusive of which there was a loss in working of £31,670.

(c) £7,050 repaid from Sinking Fund.

(d) Inclusive of a subsidy of £80,000 (of which the sum of £37,267 15s. 10d. was re-paid in 1926-27) made to the Mine by the Railway Department and exclusive of which there was a loss in working of £79,732, including £37,000 spent towards rehabilitating Mr. Bride Tunnel.

(e) Inclusive of a subsidy of £25,000 made to the Mine by the Railway Department and exclusive of which there was a loss in working of £24,459.