

1931.

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 1930-31.

PRESENTED TO BOTH HOUSES OF PARLIAMENT IN PURSUANCE OF SECTION 93 OF THE COAL MINES
REGULATION ACT 1928.

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STATE COAL MINES, WONTHAGGI.

State Coal Mines,
Wonthaggi, 5th October, 1931.

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, 1931.

FINANCIAL.

The financial results of the Mines' operations were as follow:—

	£	s.	d.	£	s.	d.
Revenue				551,781	7	4
Working Expenses	540,106	4	1			
Interest on Capital	3,315	0	0			
				543,421	4	1
Surplus, exclusive of Depreciation of Assets				8,360	3	3
Depreciation of Assets	30,000	0	0			
Redemption of Loan	6,685	0	0			
				36,685	0	0
Loss for year 1930-31, after making the necessary provision for depreciation as above.. .. .				28,324	16	9

The financial position of the Mines from their inception, as disclosed by the Balance-sheet, is that the operations to the date covered by this report show a credit balance of £130,943 14s. This result has been attained after contributing to the Consolidated Revenue the sum of £50,000 in respect of the financial year 1929-30; after allowing for the repayment of subsidies amounting to £140,625 received from the Railways Department as referred to in previous reports; after allowing ample provision for Sinking Fund and Depreciation that had accrued to the 30th June, 1931; after recouping the Consolidated Revenue an amount of £24,160, representing emergency expenditure in opening up the Mine; and after charging to Working Expenses (financial year 1924-25) an amount of £37,000 expended in connexion with the rehabilitation of the McBride Tunnel, following upon the disastrous fire in that pit.

DEPRECIATION.

Including the depreciation which accrued during the financial year 1930-31 (£30,000), I estimate the depreciation of the assets for the whole of the period from the opening of the Mine to the 30th June, 1931, is £660,954. This amount makes ample provision for the whole of the depreciation which has accrued up to the 30th June, 1931.

SINKING FUND.

In accordance with the provisions of section 96 of Act No. 3657, the loan liability of £82,865 1s. 7d. at 30th June, 1930, has been reduced to £76,190 1s. 7d. by the provision for loan redemption in the accounts for the year under review of an amount of £6,685.

STATISTICAL.

The quantity of coal "braced" during the year was 565,443 tons 15 cwt. 1 qr., and the saleable output, exclusive of local consumption, miners' household coal, allowances and waste, was 543,784 tons 2 cwt. 1 qr.

The monthly consignments were as follow:—

1930.						tons	cwt.	qrs.
June 19th to 30th	..	..	..	..	..	23,863	15	0
July	..	..	..	..	..	52,766	6	0
August	..	..	..	..	..	50,951	13	2
September	..	..	..	..	..	43,083	13	1
October	..	..	..	..	..	48,674	8	1
November	..	..	..	..	..	40,326	4	0
December	..	..	..	..	..	41,822	19	2
1931.								
January	..	..	..	..	..	40,380	3	3
February	..	..	..	..	..	24,196	7	0
March	..	..	..	..	..	45,895	4	3
April	..	..	..	..	..	50,711	11	1
May	..	..	..	..	..	55,607	1	1
June 1st to 17th	..	..	..	..	..	25,504	14	3
						543,784	2	1

The coal was disposed of in the following grades:—

						tons	cwt.	qrs.
Screened	..	..	..	..	..	291,231	1	0
Run-of-mine	..	..	..	..	..	9,460	5	0
Slack	..	..	..	..	..	243,092	16	1
						543,784	2	1

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	..	..	..	..	..	..	..	..	..	..	..	..
Sold to Public Departments	..	..	..	..	..	..	..	..	..	..	..	..
Sold to General Public	..	..	..	..	..	..	..	..	..	..	..	..
	261,259	18	3	7,279	6	2	190,275	11	0	458,814	16	1
	10,647	6	2	..	..	..	1,182	16	1	11,830	2	3
	19,323	15	3	2,180	18	2	51,634	9	0	73,139	3	1
	291,231	1	0	9,460	5	0	243,092	16	1	543,784	2	1

The output for the twelve months ended 30th June, 1931, was 96,715 tons less than the quantity mined in the previous year.

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

				1929-30.	1930-31.
Coal-miners	..	..	..	868	903
Wheelers	..	..	..	142	136
Others below ground	..	..	..	388	362
Surface men	..	..	..	378	373
				1,776	1,774

SALE OF COAL.

Due mainly to the depressed state of industry generally, the potential output was in excess of market requirements, and as a result a certain amount of time was lost from this over-capacity, and sales were considerably less than in the preceding financial year.

Having regard to the diminished market, sales to the general public were reasonably well maintained, and a satisfactory feature was the recognition by consumers that, taking price and quality into consideration, State Mine coal is an efficient and economical fuel.

An appreciable reduction in selling prices to the Railways Department, other Public Departments, and to the general public was made during the year, and at the present time the rates charged for coal sold to the general public are as follows:—

						Rate per ton f.o.r. State Mine.	
						s.	d.
Screened coal	..	..	..	..	..	21	0
Slack coal	..	..	..	..	..	14	0

The rates quoted above are for coal delivered in truck lots, but for sales ex the Montague Depot, from which householders, restaurateurs, and small industrial concerns are supplied with the best quality screened household coal (bagged), the rate is 36s. 6d. per ton, plus cartage to the consumer's premises.

LABOUR.

Wages and piece-work rates of employes who are members of the Australian Coal & Shale Employes Federation have, as from the 20th November, 1930, been governed by the Award of Judge Beeby dated 15th August, 1930, which provided for a reduction of 12½% in piece-work rates, and sixpence (6d.) per day in wages rates. The wages of other grades have been adjusted in accordance with awards of the Arbitration Court and Determinations of Wages Boards, &c.

Following on the intimation of the Federal Arbitration Court that wages in all industries must fall 10 per cent., an application, in conjunction with certain other colliery proprietors, was made to the Arbitration Court in March last for the reduction of 6d. per day in wage rates to be further adjusted to bring the reduction into line with the emergency reduction of 10 per cent. granted by the Court in other industries. After hearing evidence the full Arbitration Court dismissed the claim and intimated that—

“ On the 15th August, 1930, Judge Beeby made an interim award to the effect that wage rates then paid in collieries in the Southern and Western districts of New South Wales and in Victoria and Tasmania should be reduced by 12½ per cent. on contract labour and 6d. per day on day labour. This order was made solely for the purpose of giving to the collieries the same reductions in wage rates which colliery proprietors in Newcastle had secured as a result of their action in closing down their collieries during the years 1929–30. The Court did not consider whether the rates paid in the collieries concerned were proper but made the order solely to save such collieries from the disadvantage of competition from Newcastle collieries on a wage basis different from that which had previously prevailed. If the Court granted the order now asked for it would apply only to a limited section of the coal mining industry. It is open to colliery proprietors of Australia, acting in conjunction, to apply to the Court for a general revision of wage rates and of conditions of employment, but until this is done it is not deemed advisable or expedient to make an interim award affecting only a small section of the industry ”.

As a result of this decision, the basic wage at the State Coal Mine remains at 17s. 6d. per day, and is not subject to quarterly cost of living adjustments as in the railway and many other industries covered by Federal Awards.

At the present time, the unskilled labourer working on or about the surface of the Mine receives a basic wage of 17s. 6d. per day, as compared with the basic wage of 10s. 11d. received by a railway labourer. The latter basic wage will be subject to a further 5d. per day cost of living reduction as from 8th November next, so that the unskilled labourer at the Mine will be receiving

7s. per day more than an adult labourer in the railway service. The following statement illustrates the great disparity between the rates paid to artisans and skilled workers in the railway service and the abnormally high basic wage at the State Coal Mine—

Grade.				Rate (per day).	
				<i>s.</i>	<i>d.</i>
Engine-driver	..	..	..	14 6	to 18 1
Guard	..	..	..	12 3	to 15 8
Shunter	..	..	..	11 10	to 13 7
Ganger	..	..	..	13 5	to 15 10
Repairer	..	..	..	10 11	to 11 10
Blacksmith	..	..	..	14 8	
Electrical Fitter	..	..	..	14 11	
Fitter	..	..	..	14 8	
Boilermaker	..	..	..	14 8	
Carpenter	..	..	..	14 11	
Leading Hand Artisan	..	..	..	15 11	to 16 9

To assist in the rehabilitation of industry generally, and to prevent the coal-mining industry from languishing, it would appear that a reduction in wage rates in the latter industry is urgent and imperative.

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

Financial year	..	..	..	..	<i>s.</i>	<i>d.</i>
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
1927-28	..	..	..	..	27	11·56
1928-29	..	..	..	..	27	3·75
1929-30	..	..	..	..	27	0·73
1930-31	..	..	..	..	24	9·85

The amount disbursed in wages in each of the past eighteen years was 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
1927-28	..	..	..	..	490,950
1928-29	..	..	..	..	498,961
1929-30	..	..	..	..	546,111
1930-31	..	..	..	..	447,551

Apart from small sectional stoppages, operations were suspended on account of strikes, stopwork meetings, and the like, for four (4) days; on account of fatal accidents for twelve (12) days, and on account of shortage of trade for thirty-nine (39) days—a total of fifty-five (55) days as compared with twenty-six (26) days lost last year from all causes.

I regret to report the occurrence of six (6) fatal accidents during the year.

BORING.

During the twelve months under review one of the oil engine drilling plants and staff were loaned to the Mines Department to carry out boring operations in the outlying Parishes of Kongwak and Woolamai. No coal of commercial value was found as a result of these operations.

No. 1 Oil Drill has been engaged throughout the year in the closer boring of the Western, Northern and Kirrak areas.

Bores completed, and in progress during the year in respect of this latter drill, numbered 13, and a total footage of 7,560-ft. was drilled.

Gross Tonnage of Coal Reserves in State Mine Area—

	Tons.	Tons.
Estimate, Annual Report, 1929-30		14,549,000
Extracted during year	565,440	
Allow for working loss	85,000	
	<hr/>	650,440
Estimated total gross tonnage, State Mine area ..		<hr/> 13,898,560 <hr/>

McBRIDE TUNNEL.

The approximate average daily output from this pit was 650 tons, but although the No. 4 Bench West Section, which was not immediately re-entered after the fire, was re-developed there will be a gradual reduction in the output from this pit as further development has ceased as a result of the exhaustion of the coal measures in the area.

EASTERN AREA.

No. 4 Bench (No. 18 Shaft section) is still being developed, but the cost of production has been adversely affected by the occurrence of faults and "wants". Two headings are being driven towards what is known as the "Kirkak" basin in connexion with the development of the Kirrak area, where a new winning is contemplated.

The development of the coal measures in No. 1 Bench, referred to in my last report, has been satisfactorily completed. An endless rope haulage has been installed and the tunnel continued for the purpose of developing the coal in the No. 2 Bench.

The output averaged 800 tons per day, and at the close of the period covered by this report, 680 tons were being mined from No. 4 Bench and 120 tons from No. 1 Bench.

DUDLEY AREA.

The approximate average daily output from this pit was 1,125 tons obtained from the upper and lower seams, the former of which is, however, rapidly nearing exhaustion.

NORTHERN AREA.

This area was developed by the sinking of Nos. 19 and 20 Shafts, and from it, during the year under review, an output of 20,000 tons was obtained, while at the close of the period covered by this report the average daily output was 360 tons.

The output from the Northern Area will compensate for the reduction in the output from McBride Tunnel and Dudley Area.

DEVELOPMENT.

Initial steps have been taken in connexion with the development of the Western Area, and consideration is at present being given to the development, subsequently, of the Kirrak Area.

ELECTRICAL PLANT.

The total number of units generated was 9,854,000 as compared with a generation of 9,283,000 in the previous year.

A tender has been accepted for an additional generating unit, and tenders are now being invited for additional steam-raising plant.

WORKSHOPS.

The whole of the repair work has been carried out in the Shops, together with a large amount of new work, comprising the manufacture of three 75 h.p. Endless Haulage Engines, several winches, fans and pumps.

The Workshops plant was maintained in satisfactory order and condition.

GENERAL.

It will have been observed that, after allowing the sum of £30,000 for the depreciation of assets, the operations of the Mine for the financial year ended 30th June, 1931, resulted in a loss of £28,324 16s. 9d.

The unfavorable financial position of the Mine in the year under review, as disclosed in the accounts, was due to the chaotic condition of the coal trade, which made it necessary to substantially reduce prices to meet the keen competition for the limited trade available, and unfortunately the outlook in the immediate future is by no means bright, and is dependent upon the rehabilitation of secondary industries which would enable them to absorb our product.

The total quantity of coal produced at the State Coal Mine since its inception amounts to 10,182,384 tons, and this has favorably affected the prosperity of the State by keeping cash to the extent of about £10,500,000 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, 1931, was £76,190 1s. 7d. The sum of £273,700 was held in the Depreciation Fund. However, as previously reported, the whole of this sum will be required for the development of the Western and Kirrak areas, and for extensions and replacements of the Power House plant.

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.

The Victorian Railways Commissioners,
Melbourne.

APPENDIX No. 1.

STATE COAL MINE, WONTHAGGI.
BALANCE-SHEET AS AT 30TH JUNE, 1931.

LIABILITIES.		ASSETS.	
	£ s. d.		£ s. d.
Loan Liability	250,000 0 0	Works, Machinery, and Plant as per last Balance-sheet	82,385 9 2
Less redeemed from Sinking Fund	173,809 18 5	Expended during year	44,886 15 2
Stores Suspense Account .. .. .	.. .. .	Less Depreciation written off	127,272 4 4
Sundry Creditors—		Stores on hand	30,000 0 0
On Stores Account	2,159 16 10	Sundry Debtors—	
Sundries	3,892 12 4	For Coal	9,640 1 4
Sinking Fund Account—		For Stores	5 14 6
Forward from 1929-30	167,124 18 5	Sundries	2,352 16 1
Redemption of Loan 30th June, 1931	6,685 0 0	Cash at credit of State Coal Mine Suspense Account—	
Depreciation Fund Account—		Cash	1,317 0 11
Balance at 30th June, 1930	152,268 10 9	Bank Deposit Receipts and other Securities held as deposits on Contracts	523 0 0
Interest earned	7,000 0 0	Depreciation Fund—	
Transferred from Profit and Loss Account, 30th June, 1931	159,268 10 9	Government Stock at cost	140,000 0 0
	28,324 16 9	Cash	133,731 3 8
	130,943 14 0		273,731 3 8
	416,301 18 0		416,301 18 0

GEO. FALLOON,

Accountant, State Coal Mine.

5th October, 1931.

W. H. COVE,

Deputy-Auditor-General.

7th December, 1931.

GEO. H. BROOME,

General Manager, State Coal Mines.

5th October, 1931.

APPENDIX No. 1—*continued*.

STATE COAL MINE, WONTHAGGI.

WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1931.

		1931.		1931.	
		£	s. d.	June 30.	£ s. d.
1931.	June 30.			By Sale of Coal ..	539,158 5 2
	To Working Expenses, including Salaries of £300 and over..	..	539,243 8 2	Sundry Receipts ..	12,623 2 2
	Interest ..	..	3,315 0 0		
	Owners' Contribution to Accident Fund ..	..	862 15 11		
	Balance carried to Profit and Loss Account ..	..	543,421 4 1		
		..	8,360 3 3		
			<u>551,781 7 4</u>		<u>551,781 7 4</u>

PROFIT AND LOSS ACCOUNT.

		1931.		1931.	
		£	s. d.	June 30.	£ s. d.
1931.	June 30.			By Balance from Working Account ..	8,360 3 3
	To Depreciation accrued for year ..	..	30,000 0 0	Balance (Loss for year) ..	28,324 16 9
	Sinking Fund ..	..	6,685 0 0		
			<u>36,685 0 0</u>		<u>36,685 0 0</u>

GEO. FALLOON,

Accountant, State Coal Mine.

5th October, 1931.

W. H. COVE,

Deputy-Auditor-General.

7th December, 1931.

GEO. H. BROOME,

General Manager, State Coal Mines.

5th October, 1931.

APPENDIX No. 1—continued.

STATE COAL MINE, WONTHAGGI.

CAPITAL ACCOUNT.

Statement showing Receipts and Expenditure on Capital Account from commencement of the Mine to 30th June, 1931.

RECEIPTS.		EXPENDITURE.	
	£	s.	d.
Stock issued under the provisions of Act 2630	150,000	0	0
Stock issued under the provisions of Act 2429	100,000	0	0
	250,000	0	0
Deduct Expenses of Flotation	601	8	2
	249,398	11	10
	4,127	9	4
Land Purchased	84,780	7	4
Shaft Sinking, Development, &c.	25,035	18	4
Buildings, Poppet Heads, &c.	36,554	2	0
Machinery	53,245	16	6
Electric Plant	42,219	10	2
Rails, Tubs, Ropes, Plant, &c.	2,115	16	4
Horses, Harness, &c.	1,319	11	10
Office Furniture and Scientific Instruments	249,398	11	10

* Note.—This amount has been redeemed from Sinking Fund.

† Of this amount £23,809 18s. 5d. has been redeemed from Sinking Fund.

GEO. FALLOON,
Accountant, State Coal Mine.
5th October, 1931.

W. H. COVE,
Deputy-Auditor-General.
7th December, 1931.

GEO. H. BROOME,
General Manager, State Coal Mines.
5th October, 1931.

APPENDIX No. 2.

STATE COAL MINE, WONTHAGGI.

GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1931.

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 for		11 Amount at Credit of Sinking Fund after allowing for interest on Investments and for Repairs of Capital.	12 Wages Paid.	13 Interest paid on Capital.	14 Average No. of Employees.	15 Miners, net average earnings per Shift.	16 Estimated Coal Reserves.
								Depreciation.	Sinking Fund.						
	£	£	Tons.	£	£	£	£	£	£	£	£	£		s. d.	Million Tons.
1909-10	36,000	35,906	41,274	24,861	46,695	11,307	21,834	5,745	7,050	..	37,112	..	900	14 4-00	20
1910-11	141,000	95,730	396,042	171,766	160,459	11,307	..	10,709	7,942	7,050	145,407	2,468	946	13 1-00	20
1911-12	161,605 ^a	167,701	470,261	198,762	207,579	..	8,817	25,546	6,046	175,274	4,303	1,191	1,191	13 8-00	26
1912-13	203,866	203,956	462,559	213,174	205,980	7,194	..	25,000	16,962	145,419	6,107	939	939	13 5-51	28
1913-14	225,141	220,316	510,490	239,298	237,599	1,699	..	33,000	26,953	158,812	6,332	1,011	1,011	13 11-49	28
1914-15	250,000	241,356	567,057	268,105	256,629	11,476	..	30,954	38,535	178,086	8,436	1,130	1,130	13 11-64	28
1915-16	250,000	241,084	452,798	246,000	243,224	2,776	..	25,000	50,490	159,027	8,804	1,015	1,015	14 6-16	28
1916-17	250,000	240,816	372,007	242,918	263,548	..	20,630	25,000	52,274	197,694	8,803	1,161	1,161	16 2-10	19
1917-18	250,000	240,653	382,867	294,538	289,379	5,159	..	25,000	54,235	228,506	8,804	1,226	1,226	17 7-56	16
1918-19	250,000	240,239	343,318	285,099	293,510	..	8,411	27,000	56,446	242,530	8,804	1,255	1,255	17 10-01	16
1919-20	250,000	240,225	424,985	426,405 ^c	405,343	21,062	..	30,000	64,798	322,516	8,804	1,390	1,390	20 5-19	15
1920-21	250,000	240,218	368,239	426,659	423,818	2,841	..	32,000	73,469	319,224	8,804	1,193	1,193	24 3-64	15
1921-22	250,000	240,033	504,165	567,404	549,017	18,387	..	36,000	88,786	420,632	8,804	1,554	1,554	26 2-64	18
1922-23	250,000	240,033	424,126	461,978	467,290	..	5,312	30,000	92,297	362,464	8,804	1,566	1,566	25 7-30	19
1923-24	250,000	240,033	489,630	558,572	554,617	3,955 ^b	..	30,000	102,350	446,786	8,956	1,596	1,596	25 10-20	21
1924-25	250,000	250,000	405,695	499,043	498,775	268 ^d	..	30,000	112,802	429,254	9,148	1,688	1,688	26 11-3	17
1925-26	250,000	250,000	495,864	540,295	539,754	541 ^e	..	34,000	123,749	474,861	9,667	1,821	1,821	27 2-91	16½
1926-27	250,000	250,000	612,269	687,365	678,591	8,774	..	56,000	141,452	479,195	9,671	1,540	1,540	26 6-03	15½
1927-28	250,000	250,000	596,032	735,750	720,697	15,053	..	55,000	147,467	490,950	9,674	1,543	1,543	27 11-56	16½
1928-29	250,000	250,000	635,103	812,969	782,394	30,575	..	55,000	..	498,961	3,820	1,615	1,615	27 3-75	15½
1929-30	250,000	250,000	662,159	849,808	773,603	76,205 ^f	..	35,000	..	546,111	3,572	1,776	1,776	27 0-73	14½
1930-31	250,000	250,000	565,444	558,781	580,106	..	21,325	30,000	..	447,551	3,315	1,774	1,774	24 9-85	14
			10,182,384	9,309,550	9,178,607	217,272	..	660,954	..	6,906,372	155,900				
				Surplus to date ..	..	..	130,943								
						..	217,272								

(a) £7,050 repaid from Sinking Fund.
(b) Inclusive of a subsidy of £35,625 (of which the sum of £1,040 14s. 0d. was repaid in 1927-28, and the balance in 1928-29) made to the Mine by the Railway Department and exclusive of which there was a loss in working of £31,670.
(c) Inclusive of a subsidy of £35,625 to adjust short payments to the Mine in former years.
(d) Inclusive of a subsidy of £80,000 (of which the sum of £37,267 15s. 10d. was repaid in 1928-29, and the balance in 1927-28), 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 McBride Tunnel.
(e) Inclusive of a subsidy of £25,000 (repaid in 1928-29) made to the Mine by the Railway Department and exclusive of which there was a loss in working of £24,459.
(f) Exclusive of £50,000 appropriated to Consolidated Revenue by Act No. 3838.