

1932.

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 1931-32.

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, 14th October, 1932.

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, 1932.

FINANCIAL.

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

	£	s.	d.	£	s.	d.
Revenue				415,731	5	0
Working Expenses	469,347	18	3			
Interest on Capital	3,047	12	1			
				<u>472,395</u>	<u>10</u>	<u>4</u>
Deficit, exclusive of Depreciation of Assets				56,664	5	4
Depreciation of Assets	30,000	0	0			
Loan Redemption	6,952	0	0			
				<u>36,952</u>	<u>0</u>	<u>0</u>
Loss for year 1931-32, after making the necessary provision for Depreciation and Loan Redemption				<u>93,616</u>	<u>5</u>	<u>4</u>

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 £42,829 6s. 8d. 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 providing for the repayment of subsidies received from the Railway Department, as referred to in previous reports, amounting to £140,625. It allows for the requisite provision for loan redemption ; depreciation that had accrued to the 30th June, 1932 ; an amount of £24,160 representing emergency expenditure in the opening up of the Mine, and for a debit to working expenses of a sum of £37,000 expended in connexion with the rehabilitation of the McBride Tunnel, referred to in previous reports.

DEPRECIATION.

Including the depreciation which accrued during the financial year 1931-32 (£30,000), I estimate the depreciation of assets for the whole of the period from the opening of the Mine to the 30th June, 1932, is £690,954. This amount makes ample provision for the whole of the depreciation which has accrued up to the 30th June, 1932.

SINKING FUND.

In accordance with the provisions of section 96 of Act No. 3657, the loan liability of £76,190 1s. 7d. has been reduced to £69,238 1s. 7d. by the provision in the accounts for the year under review of an amount of £6,952 for loan redemption.

STATISTICAL.

The quantity of coal "braced" during the year was 526,278 tons 5 cwt. 2 qr., and the saleable output, exclusive of local consumption, miners' household coal, allowances, and waste, was 499,643 tons 18 cwt.

The monthly consignments were as follow :—

1931.				tons.	cwt.	qrs.
June 18th to 30th	..	..	..	20,928	16	1
July ..	..	..	..	44,768	7	0
August	..	..	..	37,236	18	1
September	..	..	..	42,196	4	3
October	..	..	..	36,245	3	3
November	..	..	..	40,668	7	3
December	..	..	..	42,151	1	2
1932.						
January	..	..	..	34,107	18	3
February	..	..	..	36,119	2	3
March	..	..	..	43,663	4	1
April ..	..	..	..	39,858	14	0
May ..	..	..	..	43,525	5	1
June 1st to 29th	..	..	..	38,174	13	3
				499,643	18	0

The coal was disposed of in the following grades :—

				tons.	cwt.	qrs.
Screened	..	..	..	279,596	6	0
Run-of-mine	..	..	..	9,715	10	2
Slack ..	..	..	..	210,332	1	2
				499,643	18	0

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	256,772	6	0	6,891	13	2	165,797	6	2	429,461	6	0
Sold to Public Departments	7,217	13	3	..	..	..	2,380	15	0	9,598	8	3
Sold to General Public	15,606	6	1	2,823	17	0	42,154	0	0	60,584	3	1
	279,596	6	0	9,715	10	2	210,332	1	2	499,643	18	0

The output for the twelve months ended 30th June, 1932, was 39,166 tons less than the quantity mined in the previous year.

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

				1930-31.		1931-32.
Coal-miners	..	..	..	903	..	892
Wheelers	..	..	..	136	..	122
Others below ground	..	..	..	362	..	304
Surface men	..	..	..	373	..	350
				1,774	..	1,668

As the number employed exceeded requirements, steps have been taken, since the close of the year, to reduce hands to the complement necessary to provide work for all employees on a full-time basis.

SALE OF COAL.

As was the case in the preceding financial year the mines productive capacity was in excess of market requirements, and on this account the mines were idle on eighty (80) days during the year.

The keen competition for the limited trade available had the effect of forcing down prices, with the result that a combination of these unfavorable factors adversely affected both the sale of coal to the general public and the financial position of the Mine.

At the beginning of 1930-31 screened coal was being sold to the Railway Department at 21s. 8d. per ton, and slack coal at 18s. per ton. For the reasons mentioned these rates are now 12s. 8d. per ton and 9s. 4d. per ton for screened coal and slack coal respectively. They represent the relative value of State Mine coal as compared with the rates quoted to the Railways Commissioners for Maitland coal.

A "price war" in the coal trade, and a diminished market resulted in a falling off in the sale of coal to the general public, and this condition of affairs is unlikely to be bettered until prices are stabilized at a level more in accord than at present with the cost of production, coupled with a revival in industry which would create a greater demand for coal. These factors are interdependent.

The attention of manufacturers and other users of coal for the production of power, light and heat has been invited to the fact that this class of fuel is available from the State Coal Mine, and that an opportunity of submitting quotations for requirements is appreciated.

Smaller users (householders, restaurateurs, and minor industrial concerns) are catered for, and inquiries for small lots, which are supplied ex our depot at Montague, are welcomed. Our Montague depot is a retail yard and quotations are given for minimum quantities of half a ton, delivered at the consumer's premises.

LABOUR.

In the light of a loss of £28,325 for the financial year ended 30th June, 1931, and with the knowledge that, in existing circumstances, such loss would be materially increased in the year at present under review, the General Manager (the late Geo. H. Broome, Esquire) wrote:—"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."

Faced with an estimated loss of approximately £100,000 on the working of the Mine for the year, the Commissioners applied to the Commonwealth Court of Conciliation and Arbitration for the setting aside of the Award of His Honor Judge Beeby of the 15th August, 1930, in order to permit of an adjustment of wages, &c. After hearing evidence regarding the financial position of the undertaking, His Honor Judge Beeby indicated that he was prepared to set aside the Award conditionally upon the establishment by the Government of a Tribunal which would have power to fix and adjust wages, piece-work rates, &c. As a result State legislation brought into operation, on the 19th June, 1932, the State Coal Mine Industrial Tribunal (Act No. 4030) of which His Honor Judge Winneke was appointed Chairman.

After dealing exhaustively with the financial position of the Mine, an interim Award of the Tribunal was issued on the 21st August, 1932, providing for a reduction of 20 per cent. in wages and piece-work rates.

As a result of this interim award the basic wage for labourers at the State Coal Mine was reduced from 17s. 6d. to 14s. per day, but it is not subject to the quarterly cost of living adjustment as is the case in the Railway Department and in many other industries covered by Federal Awards. Under the Award the unskilled labourer working on or about the surface of the Mine receives a basic wage of 14s. per day as compared with a basic wage of 10s. 2d. received by a labourer employed by the Railway Department. The Award as issued by the above-mentioned Tribunal was not acceptable to members of the Miners Union, and a stoppage of mining activities has occurred since 5th September, 1932.

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

Financial year					s.	d.
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
1931-32	..	..	..	..	24	9·98

The amount disbursed in wages in each of the past nineteen 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
1931-32	..	..	..	..	376,728

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 four (4) days, and on account of shortage of trade for eighty (80) days—a total of eighty-eight (88) days. Last year a total of fifty-five (55) days was lost from all causes.

The necessity for suspending operations on eighty (80) days to adjust the potential with the marketable output is indicative of the fact that the number of persons employed exceeded the complement of employees for whom work could be found on a full-time basis, and since the close of the year steps have been taken to dispense with the surplus staff.

I regret to report the occurrence of two (2) fatal accidents during the year.

BORING.

No. 1 Oil Drill has been engaged throughout the year in closer boring the " Kirrak " area.

Bores completed, and in progress, during the year numbered eight (8), and a total footage of 7,619 feet was drilled.

The No. 2 Oil Drill, which had been on loan to the Mines Department, was returned in July, 1931, and recommissioned by us in August, 1931, to test coal-bearing areas to the south of the Woolamai Railway Station. Here six bores, totalling 2,786 feet, were put down without, however, proving any seam of commercial importance. The plant was then used to test the area south-east of the Anderson Railway Station. Three bores, totalling 2,660 feet, were put down, but the results were disappointing. This plant is now out of commission.

Gross Tonnage of Coal Reserves in State Mine Area—

	Tons.	Tons.
Estimate, Annual Report, 1930-31		13,898,560
Extracted during year	526,278	
Allow for working loss	79,042	
	605,320	
Estimated total gross tonnage, State Mine area ..		13,293,240

McBRIDE TUNNEL.

The approximate average daily output from this pit was 500 tons, obtained chiefly from the No. 4 Bench, West Section. The No. 3 Bench section is rapidly becoming exhausted, the mining being confined to the removal of the pillars.

EASTERN AREA.

The development of the No. 4 Bench (No. 18 Shaft Section) is still in progress, and in connexion with the proposed development of the Kirrak basin, the two headings are still being driven towards this area.

An endless rope haulage has been installed in the No. 2 South and No. 3 South Sections.

The endless rope haulage in No. 1 Bench has been extended to the No. 2 Bench, where development work is proceeding.

The output averaged about 1,050 tons per day.

DUDLEY AREA.

This is a fully developed pit from which an output of 900 tons per day was obtained.

NORTHERN AREA.

The approximate daily output from this pit was 400 tons.

It was found unnecessary to proceed as rapidly as was anticipated with the development of this pit on account of adverse trade conditions.

DEVELOPMENT.

Although initial steps were taken for the development of the Western area, active operations in this direction were not proceeded with, but will be resumed when circumstances warrant.

ELECTRICAL PLANT.

The main generating plant and sub-stations have continued in successful operation throughout the year. 9,710,000 units were generated as compared with a generation of 9,854,000 units in the previous year.

An additional generating unit is now being installed and will be in operation early in 1933.

Tenders have been accepted for additional steam raising plant which will, in part, supersede that portion of the present plant which has been in use since the inception of the Mine in 1910.

WORKSHOPS.

The Workshops plant was maintained in satisfactory order and condition, and we have, as previously, carried out practically the whole of the repair work in these shops, as well as a certain amount of new work.

GENERAL.

It will have been observed that after payment of working expenses, loan redemption and interest charges, and after allowing for a contribution of £30,000 to the Depreciation Fund, the operations of the Mine, for the financial year ended 30th June, 1932, resulted in a loss of £93,616 5s. 4d.

The unfavourable financial position of the Mine, as disclosed by the accounts, has arisen from the keen competition for the limited trade available, which had the effect of forcing down the selling price of Maitland coal, such price forming the basis of the rate obtainable for State Mine coal, as well as other Victorian and New South Wales coal.

Although substantial relief will be afforded from the 20 per cent. reduction in wages and piece-work rates awarded by the State Coal Mine Industrial Tribunal, such relief will not be sufficient to off-set the anticipated loss in the present year, as the position is aggravated by the fact that a lower average selling price is expected in the present year than the ruling average selling price in the previous financial year.

The total quantity of coal produced at the Mine since its inception amounts to 10,708,662 tons, and this has favourably affected the prosperity of the State by keeping cash to the extent of £11,000,000 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 to the 30th June, 1932, was £69,238 1s. 7d. The sum of £266,595 4s. 9d. was held in the Depreciation Fund. As previously reported, the whole of this amount will be required for the development of the Western and Kirrak areas, and 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.

DEATH OF GEO. H. BROOME, ESQUIRE.

It is with the deepest regret I place on record the loss that the officers, employees of the Mine and myself felt upon the death, on the 9th August last, of our esteemed General Manager after a short illness.

The late Mr. Geo. H. Broome was a distinct personality in the coal industry, and his death removed from the scene a man who was widely known in Australia and New Zealand as a Mining Engineer and as an expert in the management of coal mines. He had been manager of the Victorian State Coal Mine since March, 1910. I associate myself with the remarks of the Hon. the Minister for Railways who, in expressing regret at the death of a valued public servant, said that under Mr. Broome's managership the Mine had fulfilled the functions of an important State instrumentality and that much of its success was due to his knowledge and experience and to his humane administration.

I have the honour to be,

Sirs,

Your obedient servant,

J. McLEISH,

General Manager.

The Victorian Railways Commissioners,
Melbourne.

APPENDIX No. 1.

STATE COAL MINE, WONTHAGGL.

BALANCE-SHEET AS AT 30TH JUNE, 1932.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Loan Liability .. .. .	.. .. .	250,000	0	0	Works, Machinery, and Plant as per last Balance-sheet.. .. .	.. .. .	97,272	4	4
Less redeemed from Sinking Fund .. .. .	.. .. .	180,761	18	5	Expended during year .. .. .	.. .. .	12,191	11	0
Stores Suspense Account .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	Less Depreciation written off .. .. .	.. .. .	109,463	15	4
Sundry Creditors— On Stores Account .. .. .	.. .. .	3,111	7	9	Stores on hand .. .. .	.. .. .	30,000	0	0
Sundries .. .. .	.. .. .	4,732	6	11	Sundry Debtors— For Coal .. .. .	.. .. .	7,564	3	3
Sinking Fund Account— Forward from 1930-31 .. .. .	.. .. .	173,809	18	5	For Stores .. .. .	.. .. .	5	2	7
Redemption of Loan 30th June, 1932 .. .. .	.. .. .	6,952	0	0	Sundries .. .. .	.. .. .	2,096	1	8
Depreciation Fund Account— Balance at 30th June, 1931 .. .. .	.. .. .	130,943	14	0	Coal on hand .. .. .	.. .. .	9,665	7	6
Interest earned .. .. .	.. .. .	5,501	18	0	Cash at credit of State Coal Mine Suspense Account— Cash .. .. .	.. .. .	3,938	5	10
Transferred from Profit and Loss Account, 30th June, 1932 .. .. .	.. .. .	136,445	12	0	Bank Deposit Receipts and other Securities held as deposits on Contracts .. .. .	.. .. .	781	0	0
Consolidated Revenue .. .. .	.. .. .	93,616	5	4	Depreciation Fund— Government Stock at cost .. .. .	.. .. .	140,000	0	0
					Cash .. .. .	.. .. .	126,595	4	9
							266,595	4	9
							394,315	19	7

G. M. FALLOON,

Accountant, State Coal Mine.

C. H. COVE,

Deputy Auditor-General.

J. McLEISH,

General Manager, State Coal Mines.

15th November, 1932.

APPENDIX No. 1—*continued*.

STATE COAL MINE, WONTHAGGI.

WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1932.

1932.		1932.	
June 30.	£	June 30.	£
	s.	June 30.	s.
	d.	By Sale of Coal ..	d.
To Working Expenses, including Salaries of £300 and over..	468,505 0 6	..	..
Interest ..	3,047 12 1	..	..
Owners' Contribution to Accident Fund ..	842 17 9	..	..
		Balance carried to Profit and Loss Account	..
	<u>472,395 10 4</u>		<u>415,731 5 0</u>
			56,664 5 4
			<u>472,395 10 4</u>

1932.

1932.		1932.	
June 30.	£	June 30.	£
	s.	June 30.	s.
	d.	By Balance (Loss for year)	d.
To Balance from Working Account	56,664 5 4	..	..
Depreciation for year	30,000 0 0	..	..
Sinking Fund ..	6,952 0 0	..	..
	<u>93,616 5 4</u>		<u>93,616 5 4</u>

G. M. FALLOON,

Accountant, State Coal Mine.

C. H. COVE,

Deputy Auditor-General.

J. McLEISH,

General Manager, State Coal Mine.

15th November, 1932.

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, 1932.

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
		84,780	7 4
		25,035	18 4
		36,554	2 0
		53,245	16 6
		42,219	10 2
		2,115	16 4
		1,319	11 10
		249,398	11 10

* Note.—This amount has been redeemed from Sinking Fund.
† Of this amount £30,761 18s. 5d. has been redeemed from Sinking Fund.

G. M. FALLOON,

Accountant, State Coal Mine,

C. H. COVE,

Deputy Auditor-General.

J. McLEISH,

General Manager, State Coal Mine,

15th November, 1932.

APPENDIX No. 2.

STATE COAL MINE, WONTHAGGI.

GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1932.

1	2	3	4	5	6	7	8	10		11	12	13	14	15	16	
								Capital Raised.	Capital Expended.							Coal Raised.	Revenue Receipts.	Revenue Expenditure.	Surplus.	Deficit.	Provision included in Expenditure as per Column 6, for Depreciation.	Sinking Fund.	Amount at Credit of Sinking Fund after allowing for interest on Investments and for Repayments of Capital.	Wages Paid.	Interest paid on Capital.	Average No. of Employees.	Miners, net average earnings per Shift.	Estimated Coal Reserves.
Year.	£	£	Tons.	£	£	£	£	£	£	£	£	£		s.	d.	Million Tons.
1909-10	36,000	35,906	41,274	24,861	46,695	..	21,834	..	7,050	..	37,112	..	900	14	4-00	20
1910-11	141,000	95,730	396,042	171,766	160,459	11,307	..	5,745	7,942	7,050	145,407	..	946	13	1-00	20
1911-12	161,605 ^a	107,701	470,261	198,762	207,579	..	8,817	10,709	6,046	6,046	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	16,962	16,962	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	26,953	26,953	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	38,535	38,535	178,056	8,436	1,130	13	11-64	28
1915-16	250,000	241,084	452,798	246,000	243,224	2,776	..	30,954	50,490	50,490	159,027	8,804	1,015	14	6-16	28
1916-17	250,000	240,816	372,007	242,918	263,548	..	20,630	25,000	52,274	52,274	197,694	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	54,235	228,506	8,804	1,226	17	7-56	16
1918-19	250,000	240,239	343,318	285,099	293,510	..	8,411	27,000	56,446	56,446	242,530	8,804	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	64,798	322,516	8,804	1,390	20	5-19	15
1920-21	250,000	240,218	368,230	426,659	423,818	2,841	..	32,000	73,469	73,469	319,224	8,804	1,193	24	3-64	15
1921-22	250,000	240,033	504,165	567,404	549,017	18,387	..	36,000	88,786	88,786	420,632	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	92,297	362,464	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	102,350	102,350	446,786	8,956	1,596	25	10-20	21
1924-25	250,000	250,000	403,695	499,943	498,775	268 ^d	..	30,000	112,802	112,802	429,254	9,148	1,688	26	11-3	17
1925-26	250,000	250,000	495,864	540,295	539,754	541 ^e	..	34,000	123,749	123,749	474,861	9,667	1,821	27	2-91	16 ¹ / ₂
1926-27	250,000	250,000	612,269	687,365	678,591	8,774	..	56,000	141,452	141,452	479,195	9,671	1,540	26	6-03	15 ¹ / ₂
1927-28	250,000	250,000	596,032	735,750	720,697	15,053	..	55,000	147,467	147,467	490,950	9,674	1,543	27	11-56	16 ¹ / ₂
1928-29	250,000	250,000	635,103	812,969	782,394	30,575	..	55,000	..	..	498,961	3,820	1,615	27	3-75	15 ¹ / ₂
1929-30	250,000	250,000	662,159	849,808	773,603	76,205 ^f	..	35,000	6,438	..	546,111	3,572	1,776	27	0-73	14 ¹ / ₂
1930-31	250,000	250,000	565,444	538,781	580,106	..	21,325	30,000	6,685	..	447,551	3,315	1,774	24	9-85	14
1931-32	250,000	250,000	526,278	421,233	509,347	..	88,114	30,000	6,952	..	376,728	3,048	1,668	24	9-98	..
			10,708,662	9,731,774	9,688,945	217,272	..	690,554	137,676	..	7,283,100	158,948				
				Surplus to date	..	..	42,829									
						..	217,272									

(a) £7,050 repaid from Sinking Fund.

(b) Inclusive of a subsidy of £35,625 (of which the sum of £11,040 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 £25,382 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 1926-27, 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 £79,782, including £37,000 spent towards rehabilitating McBridge 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.