

1933.

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 1932-33.

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,
12th September, 1933.

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 Mines at Wonthaggi for the year ended 30th June, 1933.

FINANCIAL.

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

	£	s.	d.	£	s.	d.
Revenue				220,111	2	9
Working Expenses (including coal purchased) ..	275,389	19	9			
Interest on Capital	2,769	10	6			
				278,159	10	3
Deficit, exclusive of depreciation of assets ..				58,048	7	6
Depreciation of assets	30,000	0	0			
Loan redemption	7,230	9	6			
				37,230	9	6
Loss for year 1932-33, after making the necessary provision for depreciation and loan redemption				95,278	17	0

Inclusive of a contribution to Consolidated Revenue of the sum of £50,000, in accordance with the provisions of Act No. 3838, the operations of the Mines from their inception to the date covered by this Report, show a credit balance of £2,975 9s. 8d. This result has been attained after making ample provision for depreciation that had accrued to 30th June, 1933, and after allowing for the requisite provision for loan redemption.

DEPRECIATION.

Including depreciation allowed for in the accounts for the financial year 1932-33 (£30,000) ample provision has been made for the whole of the depreciation which has accrued up to 30th June, 1933.

SINKING FUND.

In accordance with the provisions of section 96 of Act No. 3657, the loan liability of £69,238 1s. 7d. has been reduced to £62,007 12s. 1d. by the provision in the accounts for the year under review of an amount of £7,230 9s. 6d. for loan redemption.

OUTPUT AND SALES.

Following upon the building up of the staff during the prolonged stoppage on the Northern Coal-fields of New South Wales some years ago, and the subsequent falling off in the demand for coal, the number of employees at the Mine was much in excess of normal

requirements, with a result that only part-time employment could be provided. Eighty days were lost in the previous financial year on account of shortage of trade, and between 1st July and 31st July, 1932, operations had to be suspended for twelve days for a like reason.

A factor in this respect was the further decline in the price of competitive coals which commenced to fall in 1931, and which, combined with the limited market, affected both the sale of coal to the general public and the financial position of the Mine.

In these circumstances the staff was, as from 1st August, 1931, reduced so that the requisite output might be obtained on a full-time basis. Owing to a strike, referred to elsewhere, and to other stoppages, the desired output was not realized; the quantity of coal "braced" during the year being only 320,674 tons 13 cwt., while the saleable output, exclusive of local consumption, miners' household coal, allowances, and waste, was 309,356 tons 9 cwt. 3 quarters.

The periodical consignments were as follow:—

	tons.	cwt.	qrs
1932—			
30th June to 27th July (1st period)	29,016	1	2
28th July to 24th August (2nd period)	35,265	9	3
25th August to 21st September (3rd period)	6,544	12	3
22nd September to 19th October (4th period)	65	16	1
20th October to 16th November (5th period)	56	8	2
17th November to 14th December (6th period)	24,313	18	0
15th December to 11th January, 1933 (7th period)	22,080	0	1
1933—			
12th January to 8th February (8th period)	36,577	7	1
9th February to 8th March (9th period)	36,421	16	1
9th March to 5th April (10th period)	29,952	0	0
6th April to 3rd May (11th period)	24,382	3	0
4th May to 31st May (12th period)	36,621	18	0
1st June to 28th June (13th period)	28,058	18	1
	<u>309,356</u>	<u>9</u>	<u>3</u>

The coal was disposed of in the following grades:—

	tons.	cwt.	qrs.
Screened	177,356	19	0
Run-of-mine	7,623	15	0
Slack	124,375	15	3
	<u>309,356</u>	<u>9</u>	<u>3</u>

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	166,114	0	0	4,709	16	0	103,199	6	0	274,023	2	0
Sold to Public Departments	4,254	12	2	..	..	..	2,700	14	3	6,955	7	1
Sold to General Public	6,988	6	2	2,913	19	0	18,475	15	0	28,378	0	2
Totals	<u>177,356</u>	<u>19</u>	<u>0</u>	<u>7,623</u>	<u>15</u>	<u>0</u>	<u>124,375</u>	<u>15</u>	<u>3</u>	<u>309,356</u>	<u>9</u>	<u>3</u>

LABOUR.

Wages, piece-work rates, and conditions of employment are governed by the awards of the State Coal Mine Industrial Tribunal established on 19th June, 1932—Act No. 4030.

As indicated in my last report, an interim award of the Tribunal was issued on 23rd August, 1932. This provided for a reduction of 20 per cent. in wages and piece-work rates. The award was not acceptable to members of the Miners' Union, and a stoppage of mining activities occurred on 5th September, 1932, and work was not resumed until 23rd November, 1932.

Early in the latter month an application was made for a variation of the interim award by workers included in Part I. of the Schedule to the State Coal Mine Industrial Act, and after the hearing of evidence Award No. 2 was issued by the Tribunal on 4th December, 1932.

Award No. 2 prescribed that the rates to be paid to contract miners should be those which were payable on 19th November, 1930, less a deduction of 25 per cent. (i.e., a deduction of 14.27 per cent. on the "existing" rates, as compared with a deduction of 20 per cent. fixed in the interim award), subject to the reservation that no such miner be paid less than the basic wage of 12s. 6d. per day, plus a margin of 1s. 6d. for underground work, and an additional margin of 1s. 7d. per day for skill.

The award further provided that all other adult male employees, comprised in Part I. of the Schedule, working on a basis of twelve shifts a fortnight, be paid a basic wage of 11s. 6d. per day, and 12s. 6d. per day if working on a basis of less than twelve shifts per fortnight, and in addition certain margins for skill and responsibility, together with the sum of 1s. 6d. per day where any such adult employee works underground on any day or part of a day.

Rates were also fixed for lad labourers.

On 22nd December, 1932, Awards Nos. 3 and 4 were issued, fixing rates of pay for employees comprised in Parts II. and III. of the Schedule.

Award No. 3 fixed the rates for apprentices, and Award No. 4 prescribed rates for deputies, foremen, and oversmen. Awards Nos. 3 and 4 fixed for employees comprised in Parts II. and III. of the Schedule, except workers engaged at the Montague Coal Depot, a basic wage and an allowance for underground work similar to that prescribed by Award No. 2, together with margins for skill and responsibility.

The net average earnings, per shift, of the contract miners, after deducting the cost of explosives, were 20s. 6d. per shift, and the total amount disbursed in wages was £210,857.

Apart from small sectional stoppages, operations were suspended on account of strikes, stopwork meetings, and the like, for 86 days; on account of the funeral of the late General Manager, for 1 day; and on account of shortage of trade, for 12 days; a total of 99 days. Last year, including a loss of 80 days on account of shortage of trade, a total of 88 days was lost altogether.

As compared with an average complement of 1,668 employees in the financial year 1931-32, the number of employees at 30th June, 1933, was 1,328, the reduction being due to the steps taken, and elsewhere mentioned, to provide work on a full-time basis for the requisite number of hands.

BORING.

One drill only (No. 1 Oil Drill) was continued in operation throughout the year, and was used to closer bore the Kirrak Area, and for exploratory boring in an area between the Dudley and McBride tunnel workings. Five bores, totalling 5,786 feet, were sunk in the Kirrak Area, and a similar number between Dudley and McBride tunnel workings.

Closer boring of the Kirrak Area is still in progress, and the results indicate a reduction in the previously estimated average thickness of the seam, but until the boring in this area shall have been completed I am refraining from revising previous estimates.

Gross Tonnage of Coal Reserves in State Mine Area:—

	Tons.	Tons.
Estimate, Annual Report, 1931-32 .. .. .	.. .. .	13,293,240
Extracted during year .. .. .	.. 320,765	
Allow for working loss .. .. .	.. 64,135	
	<hr/>	384,810
Estimated total gross tonnage, State Mine Area ..		<hr/> <hr/> 12,908,430

McBRIDE TUNNEL.

The output from this pit is approximately 450 tons per day, obtained chiefly from the No. 4 Bench, West Section. This section, and the No. 3 Bench Section, will have become exhausted in the early part of 1934, when the pillars left in Nos. 1 and 2 Benches will be extracted.

EASTERN AREA.

The output is about 900 tons per day and is being obtained chiefly from the No. 18 Shaft Section.

For the purpose of the development of the Kirrak basin, two headings continue to be driven towards this area. An endless rope haulage has been installed in the main heading.

DUDLEY AREA.

From this pit an output of 650 tons per day is being obtained, chiefly from the No. 2 Level. Coal getting operations in No. 1 Level, which is rapidly becoming exhausted, are confined to pillar extraction, and the output from the bottom level will commence to decline before the end of the ensuing financial year.

NORTHERN AREA.

When, early in the year, the mines were re-organized on a full time basis by dispensing with surplus staff, it was found economical to temporarily close down this pit. Active mining operations in the Northern Area will re-commence when it is necessary to supersede the output that will be lost upon the extinction of the coal measures in the top level Dudley Area, and in Nos. 3 and 4 Benches, McBride Tunnel.

DEVELOPMENT.

As indicated above, the main headings are being driven towards the bottom of the site of the proposed shaft with a view to the ultimate development of the Kirrak Area.

The top level, Dudley Area, will have become exhausted about the end of the present calendar year, and the McBride Tunnel Area early in the ensuing year. The output at present being obtained from these sources will be replaced by an equal output from the re-opening of the Northern Area, whilst an augmented output from the Eastern Area will take care of a diminished output from the bottom level, Dudley Area.

Before June, 1936, the output from the bottom level, Dudley Area, will have ceased, and the output from Eastern Area diminished. To supersede the diminished output from the Eastern Area and the output from the Dudley Area bottom level, it will be necessary to obtain an equal output of 250 tons per day from the Western Area, and in order to provide for this, the development of the Western Area should be commenced immediately.

ELECTRICAL PLANT.

The additional turbo-generator set of 1,875 k.w., referred to in my last report, has been installed and is now in continuous operation.

Considerable modifications, additions, and alterations are being made to the steam raising plant. Six of the old boilers will be removed and preparations are being made for the installation of two pulverized fuel-fired water tube boilers, and these, when installed, will replace the existing boiler house plant.

New coal bunkers and coal handling plant are being erected and the existing boiler house is being replaced by a new steel structure.

The number of units generated was 6,815,000, compared with 9,710,000 in the previous year—the reduction being due to the fact that operations were entirely suspended on account of a strike of eleven weeks' duration.

WORKSHOPS.

As in previous years, practically the whole of the repair work has been carried out in the workshops, and in addition, sundry plant has been manufactured. The whole of the workshops plant was maintained in good order and condition.

GENERAL.

From the Balance-sheet it will be seen that, after the payment of working expenses, loan redemption, and interest charges, and after allowing a contribution of £30,000 to the Depreciation Fund, the operations of the Mine for the financial year ended 30th June, 1933, resulted in a loss of £95,278 17s.

Although a considerable reduction was made in the cost of production in the last two years, it was insufficient to meet the enormous drop in selling prices brought about by the keen competition for the limited trade available. Further substantial economies cannot be effected while wages remain on their present level, and there is little likelihood of any substantial improvement being made in the finances of the Mine while the prevailing low prices for Maitland coal remain in force, as such prices form the basis of the price payable for State Mine coal used by the Railway Department. The Mine enjoys no concessions in respect of the supply to the Railway Department by way of subsidies or bonuses or freight concessions—the rates paid by the Department are fixed on a purely commercial basis, and in this connexion the Mine is regarded as an entirely separate entity.

Not since 1915 have selling prices been as low as they are to-day. While on the other hand, wages are 50 per cent. higher, and freight rates nearly 70 per cent. higher.

The State Coal Mine was established in 1909, when a strike took place in the New South Wales coal-fields, for the purpose of assuring supplies to the Victorian railways at a time when coal from the usual sources was unobtainable. It has been admitted generally, that it is desirable to retain the State Coal Mine in operation from the point of view of assuring supplies when industrial dislocation occurs elsewhere, and also for the purpose of stabilizing prices.

The Mine was of considerable value and benefit to the community during the stress of the war-time years, and during a prolonged stoppage of operations in the Northern district of New South Wales for a lengthy period in 1929-30, thus fulfilling one of the primary objects of its establishment. The operation of the Mine to the 30th June last, has kept cash to the extent of £11,330,000 within the State that would otherwise have been spent in support of industries outside the State.

The Mine supports a dependent population of upwards of 8,000 persons. There are, in the borough of Wonthaggi, 1,256 houses and 130 shops. Income tax (including Unemployment Relief Tax) amounting to about £10,000 is paid by Wonthaggi residents yearly. The Mine affords direct employment to 915 married and 413 unmarried people who, if unemployed, would cost the community £50,000 per annum. There is, in addition, a not inconsiderable amount of indirect employment created by the Mines' activities.

Although losses have been incurred in each of the past three financial years, briefly the position is, that after allowing ample provision for Sinking Fund and Depreciation that has accrued up to date, the financial result of the operations to the date covered by this Report, is a credit balance of £2,975.

The foregoing expresses my view that the result of the operation of the State Coal Mine, since its inception, cannot be judged solely upon the Balance-sheet which does not reflect the value of the Mine to the community, which value has, literally, and in fact, been enormous.

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,

J. McLEISH,

General Manager.

The Victorian Railways Commissioners,
Melbourne.

APPENDIX No. I.

STATE COAL MINE, WONTHAGGI.

BALANCE-SHEET AS AT 30TH JUNE, 1933.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.		
To Treasurer of Victoria—					Works, Machinery, and Plant at 30th June, 1932	79,463	15	4			
For Loan Moneys ..	250,000	0	0	Expended 1932-33 ..	36,220	1	5				
Less redeemed by Sinking Fund	187,992	7	11								
						115,683	16	9	85,683	16	9
For Advances to meet—					Depreciation 1932-33 ..	30,000	0	0	24,937	0	4
Cash deficit to 30th June, 1932	66,402	5	8	Stores on hand 30th June, 1933	..	..	..	..	1,559	11	4
Cash deficit for year 1932-33	59,222	16	4	Coal on hand 30th June, 1933	..	..	..	..	7,714	14	2
				Sundry Debtors—					2,279	11	5
For Advances for Stores Suspense	..	..	..	For Coal ..	..	5,636	11	10			
				For Sundries ..	..	2,078	2	4			
Sundry Creditors—				Deposits on Contracts ..	..	1,501	7	0			
On Stores Account ..	4,264	2	0	Cash in hand ..	..	778	4	5			
Sundries ..	4,437	5	4								
				Depreciation Fund—							
Sinking Fund—				Government Stock ..	..	140,000	0	0			
Balance at 30th June, 1932	180,761	18	5	Cash at Treasury ..	..	95,800	3	4			
Contribution 1932-33 ..	7,230	9	6						235,800	3	4
				Profit and Loss Account—							
				Loss for year 1932-33	..	..	..	95,278	17	0	
				Deduct—							
				Credit balance of Depreciation Fund Account at 30th June, 1932	..	42,829	6	8			
				And interest earned in year 1932-33	..	5,425	0	0			
									48,254	6	8
									47,024	10	4
									404,999	7	8

T. F. BRENNAN,
Comptroller of Accounts.
14th October, 1933.

J. A. NORRIS,
Auditor-General.
16th October, 1933.

J. McLEISH,
General Manager, State Coal Mine.
14th October, 1933.

APPENDIX No. 1—*continued.*

STATE COAL MINE, WONTHAGGI.

WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1933.

1933.		1933.		1933.	
June 30.		June 30.		June 30.	
To Working Expenses, including Salaries of £300 and over..	£ 270,605 7 11	By Sale of Coal ..	£ 210,177 12 1	Interest on Loans ..	9,933 10 8
Owners' Contribution to Accident Fund ..	2,769 10 6	Sundry Receipts ..	9,933 10 8	Coal purchased ..	220,111 2 9
..	502 15 3			Balance carried to Profit and Loss Account ..	58,048 7 6
..	4,281 16 7				278,159 10 3
	<hr/>				<hr/>
	278,159 10 3				

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PROFIT AND LOSS ACCOUNT.

1933.		1933.		1933.	
June 30.		June 30.		June 30.	
To Balance from Working Account ..	£ 58,048 7 6	By Balance (Loss for year) ..	£ 95,278 17 0	Depreciation for year ..	30,000 0 0
Sinking Fund ..	7,230 9 6				
	<hr/>				
	95,278 17 0				

T. F. BRENNAN,

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14th October, 1933.

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14th October, 1933.

STATE COAL MINE, WONTHAGGI.

GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1933.

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 on investments and for repayments of Capital.	11 Wages Paid.	12 Interest paid on Capital.	13 Average No. of Employees.	14 Miners, net average Shiftings per Shift.	15 Estimated Coal Reserves.
								Depreciation.	Sinking Fund.						
1909-10	£ 36,000	£ 35,906	Tons. 41,274	£ 24,861	£ 46,695	£ 11,307	£ 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	..	..	5,745	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	10,709	7,942	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	9,000	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	9,578	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	10,800	178,086	8,436	1,130	13	11.64	28
1915-16	250,000	241,084	452,798	246,000	243,224	2,776	..	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	..	20,630	25,000	..	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	..	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	177	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	6,236	322,516	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	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	12,472	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	..	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	6,236	102,350	8,956	1,596	25	10.20	21
1924-25	250,000	250,000	405,635	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	16 ^f
1926-27	250,000	250,000	612,269	687,365	678,591	8,774	..	56,000	12,472	479,195	9,671	1,540	26	6.03	15 ^g
1927-28	250,000	250,000	596,032	735,750	720,697	15,053	..	55,000	..	498,961	9,674	1,543	27	11.56	16 ^h
1928-29	250,000	250,000	635,103	812,969	782,394	30,575	..	55,000	6,180	3,820	3,820	1,615	27	3.75	15 ⁱ
1929-30	250,000	250,000	662,159	849,808	773,603	76,205 ^f	..	35,000	6,428	546,111	3,572	1,776	27	0.73	14 ^j
1930-31	250,000	250,000	565,444	558,781	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	13 ^k
1932-33	250,000	250,000	320,675	220,111	278,160	..	89,854	30,000	7,230	210,857	2,770	1,328 ^g	20	6.00	13
			11,029,337	9,951,885	9,967,105	264,297	..	720,554	144,906	7,483,957	161,718				
				Deficit to date ..		47,025 ^f	264,297								
						264,297									

(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) Including £23,382 to adjust short payments to the Mine in former years. (d) Inclusive of a subsidy of £50,000 of which the sum of £37,267 15s. 40d. 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 £79,732, including £37,000 spent towards maintaining McBride Tunnel. (e) Inclusive of a subsidy of £23,500 made to the Mine by the Railway Department and exclusive of which there was a loss in working of £24,458. (f) Exclusive of £50,000 appropriated to Consolidated Revenue by Act No. 3838, see Annual Reports 1929-30 and 1932-33. (g) At 30th June, 1933.