

1936.
—
VICTORIA.

ANNUAL REPORT

OF

THE GENERAL MANAGER OF THE STATE COAL MINE,

INCLUDING

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

FOR THE

YEAR 1935-36.

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

[Approximate Cost of Report.—Preparation, not given. Printing (325 copies), \$11.]

By Authority:

H. J. GREEN, GOVERNMENT PRINTER, MELBOURNE

No. 10.—[9d.].—11767.

STATE COAL MINE, WONTHAGGI.

State Coal Mine,
Wonthaggi,
30th July, 1936.

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, 1936.

FINANCIAL.

The financial result of the operations of the Mine was as follows :—

	£	s.	d.		£	s.	d.
Revenue					225,599	14	11
Working Expenses (including coal purchased) ..	297,906	8	4				
Interest on Capital	1,866	13	11				
					299,773	2	3
Deficit, exclusive of depreciation of assets ..					74,173	7	4
Depreciation of assets	10,000	0	0				
Loan redemption	8,133	6	1				
					18,133	6	1
Loss for year 1935-36 after providing for Loan redemption and making the necessary allowance for depreciation					92,306	13	5

The financial position of the Mine, as at 30th June, 1936, may be summarized as follows :—

<i>Assets.</i>				£	£
Depreciation Fund—Government Stock at Cost and Cash at Treasury				142,575	
Cash and Securities held as deposits on contracts				983	
Stores on hand at book values				27,951	
Coal on hand				777	
Sundry Debtors				13,781	
Works, machinery, and plant at book values				165,539	
					351,606
<i>Liabilities.</i>					
Capital—Balance of Loan Liability				38,534	
Due to Treasury for Stores Advance				23,304	
Sundry Creditors				5,893	
Due to Consolidated Revenue in respect of losses on working			£ 373,368		
Less amount of State Mine income appropriated to Consolidated Revenue in 1929-30			50,000		
				323,368	
					391,099
Deficiency					39,493

The assets may be considered as practically liquid, with the exception of the item "Works, machinery, and plant". If the property were sold as a going concern, the value of its fixed assets would exceed the book value of £165,539.

The book value of the fixed assets is arrived at as follows:—

	£
Original Capital Expenditure (see Capital Account, page 9) ..	249,398
Expenditure from Depreciation Fund	666,720
	<hr/>
	916,118
Amount written off for depreciation of assets	750,579
	<hr/>
Book value of fixed assets at 30th June, 1936	165,539
	<hr/>

In order that the financial position of the Mine may be seen in proper perspective, I quote hereunder from the report of Mr. Robert Lee, A.O.S.M., M.I.M.M., Consulting Mining Engineer of New Zealand, who made a special investigation of the Mine early in 1934:—

"From 1916-17 to 1920-21 there was an acute shortage of coastal shipping, caused by War conditions and by labour trouble, which resulted in the railways bringing coal overland from the New South Wales mines. As Victoria was in the best position to overland coal, her allotment of shipping space was cut down to enable the requirements of South Australia and Western Australia (who were in a less fortunate position) to be met. The Railways overlanded a total of 839,126 tons of New South Wales coal at an added cost of £509,993, or 12/1.86 per ton. During the same period the State Coal Mines supplied the Railways with 961,307 tons of coal (see Appendix No. 11). Had this coal not been available, the Railways would have been compelled to overland an equivalent quantity. Although the Commissioners state in their report that much of this overlanded coal was of inferior quality, I am assuming that its equivalent value was the same as that being obtained from New South Wales to-day. It would have been necessary, therefore, to have overlanded at least 782,926 tons of New South Wales coal to replace that supplied by the State mines. Assuming that, with the additional quantity of coal handled, the added cost because of overlanded was 10s. per ton, then the State mines saved the Railways £391,463. Recognizing the justice of the State mines' request for special consideration for the part they played during these difficult times, the Railways Commissioners agreed to make an extra payment of 1s. 6d. per ton on coal supplied by the State mines during the period of overlanded. This payment amounted to £71,348. The Railways thus showed a saving of over £320,000, solely on account of their ability to draw on the State Collieries for supplies.

At the same time, the State mines supplied to other State Departments and to the general public a total of 477,247 tons of coal. On a like basis, this represents a saving of £196,387. It can, therefore, be claimed by the Mines that they were the means of saving to the State and the general public an amount (estimated on a conservative basis) of more than £516,500."

DEPRECIATION.

Including depreciation allowed for in the accounts for the financial year 1935-36 (£10,000), ample allowance has been made for the whole of the depreciation which has accrued up to the 30th June, 1936.

SINKING FUND.

The Loan liability of £46,667 8s. 6d. at 30th June, 1935, has been reduced to £38,534 2s. 5d. by the provision in the accounts in the year under review of an amount of £8,133 6s. 1d.

OUTPUT AND SALES.

The quantity of coal "braced" during the year was 366,001 tons 12 cwt. 2 qrs. The saleable output, exclusive of local consumption, miners' household coal, allowances, and waste was 344,124 tons 3 cwt. 3 qrs.

The periodical consignments were as follow :—

		<i>Period.</i>				tons. cwt. qrs.		
1935—								
	27th June to 24th July .. .. .	..	..	..	..	31,740	7	1
	25th July to 21st August .. .. .	..	..	..	..	32,123	15	1
	22nd August to 18th September .. .. .	..	..	..	..	21,413	13	1
	19th September to 16th October .. .. .	..	..	..	..	25,010	4	1
	17th October to 13th November .. .. .	..	..	..	..	30,378	11	1
	14th November to 11th December .. .. .	..	..	..	..	32,760	19	1
	12th December to 8th January, 1936 .. .. .	..	..	..	..	12,899	12	1
1936—								
	9th January to 5th February .. .. .	..	..	..	..	30,012	8	0
	6th February to 4th March .. .. .	..	..	..	..	21,602	15	1
	5th March to 1st April .. .. .	..	..	..	..	26,558	14	3
	2nd April to 29th April .. .. .	..	..	..	..	25,428	0	3
	30th April to 27th May .. .. .	..	..	..	..	27,337	0	0
	28th May to 24th June .. .. .	..	..	..	..	26,858	2	1
						344,124	3	3

The coal was disposed of in the following grades :—

						tons. cwt. qrs.		
Screened .. .. .	..	..	..	..	..	193,674	6	3
Run-of-Mine .. .. .	..	..	..	..	..	7,086	0	3
Slack .. .. .	..	..	..	..	..	143,363	16	1
						344,124	3	3

and sales were made as under :—

—	Screened.		Run-of-Mine.			Slack.			Total.	
	tons	cwt. qrs.	tons	cwt. qrs.	tons	cwt. qrs.	tons	cwt. qrs.	tons	cwt. qrs.
Sold to Railway Department	183,061	3 2	2,376	3 3	118,340	13 2	303,778	0 3		
Sold to Public Departments	4,666	1 3	..	..	2,828	16 2	7,494	18 1		
Sold to General Public	5,947	1 2	4,709	17 0	22,194	6 1	32,851	4 3		
Totals	193,674	6 3	7,086	0 3	143,363	16 1	344,124	3 3		

LABOUR.

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

Fourteen awards issued during the year included the following :—

1. Award No. 13 of 6th August, 1935, had the effect of increasing the basic wage of 11s. 6d. per day of employees working on a basis of twelve shifts per fortnight to 12s. 6d. per day, and of increasing the basic wage of 12s. 6d. per day of employees working on a basis of less than twelve shifts per fortnight to 13s. 1d. per day.
2. Award No. 14 prescribed margins and increased margins for certain grades of employees included in Part I. of the Schedule to the Act.
3. Award No. 16 prescribed rates of pay for preliminary Shaft Sinkers and all workers engaged in the erection of superstructures at the Western Area and also fixed the hours of duty for preliminary Shaft Sinkers at 88 per fortnight, including crib time of 30 minutes for each eight hours.

As compared with the financial year 1934-35, the additional expenditure involved in the year under review as the result of awards of the State Coal Mine Industrial Tribunal was £4,710, or for a full year £5,693.

The net average earnings per shift of the contract miners, after deducting the cost of explosives, were 21s. 5.72d. The average wage of daily-paid adult employees below ground was 17s. 1d. per shift. The total amount disbursed in wages was £249,227.

There was an improvement in the industrial situation in the year under review as compared with the preceding year. Operations were suspended for 25 days in the present financial year on account of strikes and stopwork meetings, and for one day on account of a fatal accident. In the preceding year the loss of working time due to industrial disputes was 36 days. There is room still for further improvement in this unnecessary economic waste resulting in loss of wages to employees, decrease in output, and increased cost of production.

The number of persons employed at 30th June was 1,150 ; at a similar date last year the number was 1,100, and at 30th June, 1934, the number was 1,330.

I regret to report the occurrence during the year of a fatal accident.

BORING.

Two drills were in operation throughout the year. Both drills were for part of the year engaged in proving the possibility of an extension in a southerly direction of the No. 18 Shaft section of the Eastern Area. Later both drills were occupied in closer boring the Kirrak area. In all fifteen bores were sunk, and six bores were deepened. Total boring amounted to 16,810 feet.

A careful revision was made during the year of the gross tonnage available for extraction in the State Coal Mine area, and it is estimated that, at the 30th June, 1936, the coal reserves amount to 10,614,000 tons.

Gross Tonnage of Coal Reserves in State Mine Area :—

	Tons.
Operating pits—Eastern Area ; No. 18 Shaft Section, Eastern Area ; Dudley Area and No. 20 Shaft	3,392,000
Undeveloped—	
Western Area	3,099,000
Kirrak Area	4,123,000
Estimated gross tonnage, State Mine Area	10,614,000

McBRIDE TUNNEL.

This pit, the development of which was commenced in 1914, ceased to operate on 11th December, 1935.

The total quantity of coal extracted from the McBride Tunnel pit was 3,063,000 tons.

EASTERN AREA.

The No. 2 South District and the No. 1 Bench were worked out during the year. The various districts in this pit are much interrupted by dislocations of the coal seams and want faults. In the No. 1 South District two stone drives are being driven for the purpose of opening up an extension to the south over a 100-ft. down throw fault. In the No. 2 North Main heading development is also taking place beyond a 22-ft. down throw fault.

The output, obtained chiefly from the No. 18 Shaft section, is about 700 tons per day, and should be maintained at this figure during the next financial year.

DUDLEY AREA.

The output from this pit has further diminished, and is now about 250 tons per day, which, it is expected, will be the average output for the next financial year.

NORTHERN AREA.

The development of the bottom seam, referred to in my last Report, has resulted in an increased output, which is at present about 600 tons per day, and which should be maintained for the ensuing twelve months.

WESTERN AREA.

The development of the Western Area was commenced in August, 1935. The main winding shaft has been sunk to the coal seam, and the ventilation shaft should be completed and connected to the main winding shaft by the end of September, at which date a gradually increasing output, commencing from 30 tons per day, should be obtained.

STONE DUSTING.

Except in those mines or districts which are naturally wet the floor, roof, and sides of every road, or part of a road, which is accessible are treated with incombustible dust in such manner, and at such intervals, as will ensure that the dust shall always consist throughout of a mixture containing not more than 50 per cent. of combustible matter.

Representative samples of the dust are collected from the roof, floor, and sides as often as may be necessary, but not less frequently than once a month, and are tested in the mine laboratory.

DEVELOPMENT.

As mentioned in previous Reports, the development of the Western Area was undertaken too late to arrest the cumulative decline in output. The output has declined from 1,960 tons per day at 30th June, 1934, to 1,550 tons.

The output which will become available from the Western Area will enable the present output to be slightly augmented. Only by the development of the Kirrak Area—which should be commenced immediately—can the desired output of 500,000 tons per annum be regained.

ELECTRICAL PLANT.

The power station plant has operated satisfactorily.

The total number of units generated was 9,783,580, as compared with 9,777,000 in the previous year.

WORKSHOPS.

The whole of the Workshops plant has been maintained in good order and condition. Sundry plant has been manufactured, and practically the whole of the repair work has been carried out in our own shops.

RESCUE STATION.

The Rescue Station, which was established in 1928 and equipped with apparatus and staffed with properly trained men, has been maintained in an efficient state ready for any emergency that may arise.

The Brigade at present consists of 24 competent men and 3 partially trained men.

Practices are held regularly, and the Brigade is competent to deal expeditiously with the situation which would arise if an underground fire occurred.

During the year Station Officer Whyte, of the Metropolitan Fire Brigade (now Chief Officer of the Adelaide Fire Brigade), inspected the whole of the apparatus, and reported that it was in good order. He also examined the personnel of the Brigade as to their knowledge of gasses, apparatus, assembling, testing and fitting, and in practical work. Of the 24 members who presented themselves for examination, 20 obtained certificates of competency.

GENERAL.

Although every practicable step has been taken to limit the loss in working, there is, unfortunately, 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 for railway purposes.

In 1930-31 State Mine coal utilized by the railways was being paid for at 21s. 8d. per ton for screened and 18s. per ton for slack. These figures are now 11s. 6d. and 9s. 9d. per ton respectively. A slight decrease in the cost of stores and material and a reduction of about 20 per cent. in wages by no means counterbalances the decrease in revenue due to the depressed selling prices, and freight rates remain unaltered.

The ability of the Mine to supply such a large part of Victoria's coal requirements has had a stabilizing effect upon the New South Wales price which price, in turn, controls the "equated" price paid by the Railways Department for the State Mine coal utilized by it, thus the saving to the Railways Department by the use of State Mine coal (especially slack coal) is considerable, and the loss of £92,306 13s. 5d., which was incurred in the financial year, was more nominal than real.

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. 1.

STATE COAL MINE, WONTHAGGI.

BALANCE-SHEET AS AT 30TH JUNE, 1936.

LIABILITIES.		£	s.	d.	£	s.	d.	ASSETS.			
Treasurer of Victoria—											
For Loans		250,000	0	0				Works, Machinery, and Plant as per Balance-sheet at 30th June, 1935	126,910	5	4
Less redeemed from Sinking Fund		211,465	17	7	38,534	2	5	Expended during current year	48,628	7	6
For Advances from Consolidated Revenue (to be recouped)								Less Depreciation written off	175,538	12	10
For Advances for purchase of Stores					373,367	14	0	Stores on hand	10,000	0	0
Sundry Creditors—					23,304	5	0	Coal on hand			
On Stores Accounts		4,646	19	0				Sundry Debtors—			
Sundries		1,245	9	4				For Coal	4,880	16	6
Sinking Fund—					5,892	8	4	For Sundries	8,900	5	4
Balance at 30th June, 1935		203,332	11	6				Cash	511	6	8
Contribution 1935-36		8,133	6	1	211,465	17	7	Deposits held on Contracts	471	13	2
Reconciliation--								Depreciation Fund—			
Advances from Consolidated Revenue as per Treasury Accounts at 30th June, 1936		370,676	18	9				Government Stock at Cost	140,000	0	0
Add Net total of accounts in course at 30th June, 1936		2,690	15	3				Cash	2,575	4	5
		373,367	14	0				Profit and Loss—			
								Balance at 30th June, 1935	214,077	2	4
								Less interest earned in Depreciation Fund Investments, 1935-36	5,425	0	0
								Loss for current year	208,652	2	4
									92,306	13	5
								Balance on Profit and Loss at 30th June, 1936			
									300,958	15	9
									652,564	7	4

T. F. BRENNAN,

Comptroller of Accounts.
10th September, 1936.

J. A. NORRIS,

Auditor-General.
10th September, 1936.

J. McLEISH,

General Manager, State Coal Mine.
10th September, 1936.

APPENDIX No. 1—*continued*.

STATE COAL MINE, WONTHAGGI.

WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1936.

		1936.		1936.	
		£	s. d.	£	s. d.
1936.	To Working Expenses, including Salaries of £300 and over..	297,237	3 3	..	213,731 8 5
June 30.	Owners' Contribution to Accident Fund ..	547	7 10	..	11,868 6 6
	Coal purchased ..	121	17 3	..	225,599 14 11
				..	72,306 13 5
				..	297,906 8 4
	Balance carried to Profit and Loss			..	297,906 8 4

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1935-36.

		1936.		1936.	
		£	s. d.	£	s. d.
1936.	To Balance transferred from Working Account	72,306	13 5	..	92,306 13 5
June 30.	Sinking Fund ..	8,133	6 1	..	..
	Interest on Loans ..	1,866	13 11	..	..
	Depreciation for the year ..	10,000	0 0	..	..
				..	92,306 13 5
	By Balance (Loss for year)			..	92,306 13 5

T. F. BRENNAN,

Comptroller of Accounts.

10th September, 1936.

J. A. NORRIS,

Auditor-General.

10th September, 1936.

J. McLEISH,

General Manager, State Coal Mine.

10th September, 1936.

APPENDIX No. 1—continued.

STATE COAL MINE, WONTHAGGI.
CAPITAL ACCOUNT.

Statement showing Receipts and Expenditure on Capital Account from the commencement of the Mine to 30th June, 1936.

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
	£	s.	d.
Land Purchased	4,127	9	4
Shaft Sinking, Development, &c.	84,780	7	4
Buildings, Poppet Heads, &c.	25,035	18	4
Machinery	36,554	2	0
Electric Plant	53,245	16	6
Rails, Tubs, Ropes, Plant, &c.	42,219	10	2
Horses, Harness, &c.	2,115	16	4
Office Furniture and Scientific Instruments	1,319	11	10
	249,398	11	10

* This amount has been redeemed from Sinking Fund.

† Of this amount £61,495 17s. 7d. has been redeemed from Sinking Fund.

T. F. BRENNAN,

Comptroller of Accounts.

10th September, 1936.

J. A. NORRIS,

Auditor-General.

10th September, 1936.

J. McLEISH,

General Manager, State Coal Mine.

10th September, 1936.

APPENDIX No. 2.

STATE COAL MINE, WONTHAGGI.

GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1936.

1	2	3	4	5	6	7	8	9		11	12	13	14	15	16
								Capital Raised.	Capital Expended.							Coal Raised.	Revenue Receipts. (b)	Revenue Expenditure.	Surplus.	Deficit.	Provision Included in Expenditure as per Column 9.	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.	£	£	£	£	£	£	£	£	£	No.	s. d.	Million tons.
1909-10	36,000	35,906	41,274	24,861	46,695	11,307	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	7,050	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	1,161	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	559,758	555,803	3,955 ^b	..	30,000	6,236	446,786	8,956	1,596	25	10 20	21
1924-25	250,000	250,000	405,695	500,232	499,964	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	141,452	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	..	147,467	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	498,961	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	225,536	315,390	..	89,854	30,000	7,230	210,857	2,770	1,328 ^g	20	6 00	13
1933-34	250,000	250,000	316,526	211,339	288,473	..	77,134	10,000	7,520	204,407	2,480	1,330 ^g	20	9 00	12 ^l
1934-35	250,000	250,000	384,778	245,556	335,474	..	89,918	10,000	7,820	246,972	2,180	1,100 ^g	20	5 55	13
1935-36	250,000	250,000	366,002	231,024	317,906	..	86,882	10,000	8,133	249,227	1,867	1,150 ^g	21	5 72	10 ^m
			12,096,643	10,616,613	10,947,572	217,272	..	750,954	168,379	8,194,563	168,245				
				Deficit to date	300,959	518,231	..								
						518,231	518,231								

(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 £50,000 of which the sum of £37,467 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 £17,532, including £37,000 spent towards rehabilitating Melbridge Tunnel. (d) 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. (e) Exclusive of £50,000 appropriated to Consolidated Revenue by Act No. 3838, see Annual Reports 1929-30 and 1932-33. (f) Prior to the 30th June, 1932 the number shown is the average number of employees for the year. Since that date the number given is the number of persons employed on the last day of the financial year. (g) Includes interest earned on Depreciation Fund investments. (h) Includes interest earned on Depreciation Fund investments.