

1939.
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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 1938-39.

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

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STATE COAL MINE, WONTHAGGI.

State Coal Mine,
Wonthaggi,
18th August, 1939.

GENTLEMEN,

I have the honour to submit 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, 1939.

FINANCIAL.

	£	s.	d.	£	s.	d.
Revenue .. .. .	..	..	..	202,543	15	6
Working Expenses	308,128	1	7			
Interest on Capital	851	2	10			
				308,979	4	5
Deficit, exclusive of depreciation of assets .. .. .	..	..	..	106,435	8	11
Depreciation of assets	10,000	0	0			
Loan redemption	9,148	17	2			
				19,148	17	2
Loss for year 1938-39 after providing for Loan redemption, and making the necessary allowance for depreciation				125,584	6	1

The financial position of the Mine, as at 30th June, 1939, may be summarized as follows:—

Assets.

	£	£
Depreciation Fund—Cash at Treasury	4,590	
Cash and securities held as deposits on contracts	1,092	
Stores on hand at book values	18,683	
Coal on hand	2,515	
Sundry Debtors	39,764	
Works, machinery, and plant at book values	307,396	
		374,040

Liabilities.

Capital—Balance on Loan Liability	12,130	
Advance from Unemployment Relief Funds	23,354	
Due to Treasury for Stores Advance	17,639	
Sundry Creditors	3,299	
Due to Consolidated Revenue in respect of losses on working	£ 792,367	
Less amount of State Mine income appropriated to Consolidated Revenue in 1929-30	50,000	
		742,367
		798,789
Deficiency		424,749

The value of the assets which may be regarded as practically liquid is £66,644, and the book value of the fixed assets of the property is £307,396.

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

	£
Original Capital expenditure (see Capital Account. page 10) ..	249,398
Expenditure from Depreciation Fund	815,147
Expenditure from Unemployment Relief Funds	23,430
	1,087,975
Amount written off for depreciation of assets	780,579
	307,396

DEPRECIATION.

Including depreciation allowed for in the accounts for the financial year 1938-39 (£10,000), ample allowance has been made for the whole of the depreciation which has accrued up to the 30th June, 1939.

The total amount placed to the credit of the State Coal Mine Depreciation Fund since the inception of the Mine is £746,839, and the total amount of interest on the investments of the Fund is £72,898, making a grand total of £819,737.

Of this amount £780,579 has been written off the value of the assets, leaving £39,158 yet to be written off to fully overtake the provision already made by surplus profits and interest.

This amount of £39,158 will, it is anticipated, be overtaken by depreciation which will be written off within the next three or four years, after which time it will be necessary to make provision in each year's working vote to cover the amount of the depreciation accruing during the year.

SINKING FUND.

The Loan Liability of £21,278 10s. 2d. has been reduced to £12,129 13s. 1y by the provision in the accounts in the year under review of an amount of £9,148 17s. 2d.

DISPOSITION OF OUTPUT.

The quantity of coal "braced" during the year was 260,831 tons 4 cwt. Exclusive of miners' coal, local consumption, allowances and waste, the tonnage disposed of commercially was 241,556 tons 19 cwt.

The coal was disposed of in the following grades:—

	T.	C.	Q.
Screened	140,822	6	0
Run-of-mine	4,071	3	1
Slack	96,663	9	3
	241,556	19	0

and sales were made as under:—

—	Screened.			Run-of-Mine.			Slack.			Total.		
	tons	cwt.	qrs.	tons	cwt.	qrs.	tons	cwt.	qrs.	tons	cwt.	qrs.
Sold to Railway Department	124,610	2	0	2,732	15	0	65,475	17	3	192,818	14	3
Sold to Public Departments	4,435	15	0	..	..	..	2,250	8	3	6,686	3	3
Sold to General Public	11,776	9	0	1,338	8	1	28,937	3	1	42,052	0	2
	140,822	6	0	4,071	3	1	96,663	9	3	241,556	19	0

LABOUR.

For some years past, wages (including piece-work rates) and conditions of employment of employees at the Mine have been governed by Awards of the State Coal Mine Industrial Tribunal. Early in the year under review, demands were made upon colliery proprietors in

New South Wales, Victoria, Queensland, and Tasmania by Organizations representing the majority of employees in the industry for—

- (1) Reduction of weekly working hours to 5 shifts of 6 hours each ;
- (2) A guaranteed minimum wage to piece-work and contract workers ;
- (3) A special Compensation Act to cover the industry ;
- (4) Pensions at the rate of £2 per week at 60 years of age ;
- (5) Leave with pay for 14 days per annum ;
- (6) Weekly payment of wages.

One of the Organizations concerned also demanded increased wages and other considerations embracing all working conditions.

Refusal of these demands resulted in a general strike in the coal-mining industry throughout the States referred to, and as a result of negotiations Items Nos. 1, 2, 5, and 6 were referred for determination to the Commonwealth Court of Conciliation and Arbitration.

On 29th June, after a hearing lasting some months, awards were issued by the Court. The principal changes prescribed by these awards are reduction of working hours to 40 per week, without reduction in pay, and payment for annual holidays on the basis of 1 day for every 25 shifts worked, subject to a maximum of 10 days' leave per annum.

These awards became operative in Victoria as from 23rd July, 1939, but because of dissatisfaction by a section of employees with provisions of the award affecting certain surface workers, a further cessation of work for about three weeks occurred at the State Coal Mine after the close of the year under review.

In respect of the greater proportion of the employees, the awards of the Commonwealth Arbitration Court do not completely cover working conditions, consequently awards of the State Coal Mine Industrial Tribunal are still operative in part, thus resulting in divided industrial control between a Commonwealth and a State Industrial Authority.

It is anticipated that the awards of the Court will increase the working expenses in the next financial year to the extent of approximately £40,000 per annum.

As compared with a loss of 16 days in the previous year, the time lost in the year under review as the result of strikes, stopwork meetings and the like was 37 days.

The net average earnings, per shift, of contract miners were 22s. 5·92d. There has, however, been a gradual improvement in the output per miner, per shift, during the latter quarter of the year, with the result that the net average earnings for fortnight ended 24th June, 1939—the last fortnight in the financial year—were 23s. 8·25d. per shift.

The average daily wage of adult employees (exclusive of contract miners) working below ground, during fortnight ended 24th June, 1939, was 19s. 4·43d.

At 30th June, 1939, the number of persons employed was 1,317. At a similar date last year the number was 1,328.

The amount disbursed in wages for the year was £280,696.

I am pleased to report the absence of a fatal accident during the year.

BORING.

As mentioned in my Report for last year, boring of the existing State Mine Area has been completed.

The total gross tonnage available for extraction, after allowing for the quantity extracted during the year, and providing for loss in working, is 9,326,500 tons.

EASTERN AREA.—No. 18 SHAFT DISTRICT.

Serious mining difficulties continue to be met with in this pit, due to the dislocation of the coal seam, and by the intrusion of "want" faults.

Development work is proceeding in the No. 3 South Section where the coal is expected to be located in the near future.

The output from this pit is 480 tons per day.

NORTHERN AREA.—No. 20 SHAFT.

Development of the No. 2 South Section has proceeded throughout the year, although it has been hampered to some extent by the intrusion of faults.

Pillar extraction is taking place in the Main East Heading with good results.

The development of the bottom seam has been impeded by an inflow of water and consequent bad roof conditions.

The output from this pit is 430 tons per day.

WESTERN AREA.

The development of this pit has proceeded satisfactorily, the output having increased from 220 tons per day to 440 tons per day.

Experiments have continued throughout the year with an electric coal-cutting machine, and a recommendation has now been made that up-to-date machines should be installed for further experimental work with a view to increasing the output and reducing the cost of production in this pit.

KIRRAK AREA.

The development of this area has proceeded to programme throughout the year, although it has been retarded somewhat by faulting met with close to the shaft bottom.

Both shafts have been completed and connected.

The layout at the pit bottom is nearing completion and the work on the brace and surface buildings is proceeding.

It is expected that coal getting will be in active operation early in 1940.

DEVELOPMENT.

On various occasions during the past two years, following upon my representations, the Commissioners have pointed out to the Government the necessity for exploratory boring operations if new areas are to be opened up as existing workings become exhausted.

Again I desire to point out that boring of the present State Mine Area has been completed, and if the present staff is to be retained, and the present output maintained, steps should immediately be taken to scout bore the area referred to in my last Report, otherwise there will be a serious dislocation of labour when pits Nos. 18 and 20 finish operating.

The area referred to is from two to six miles East and North-East of the present Kirrak Area. Promising geological conditions exist and it is strongly recommended that the Government be again urged to have this area tested by scout boring at an estimated cost of £5,000.

ELECTRICAL PLANT.

The power station plant has continued to operate efficiently.

Tenders have been considered, and recommendations made for the purchase of the new turbo-alternator referred to in my previous Report. It is anticipated that an order will be placed at an early date.

9,652,710 units were generated during the year, compared with a generation of 9,492,770 units in the previous year.

WORKSHOPS.

As previously, 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 has been maintained in good order and condition.

MECHANIZATION.

Enquiries are still proceeding with regard to the use of coal-cutting machines and underground conveyors and loaders.

Reports indicate, however, that, owing to the faulted nature and varying grade of the coal seam, it would be unwise to endeavour to adopt extensive mechanization.

Experiments conducted in our Western Area pit with an out-of-date electric chain coal-cutter have proved successful and, as mentioned previously in this Report, the installation of two modern coal-cutting machines in this pit has been recommended.

RESCUE STATION AND FIRST-AID CLASSES.

The Rescue Station has been maintained in an efficient state ready for any emergency.

The Rescue Brigade at present consists of 30 fully trained men and 6 partly trained men.

Regular practices have been held throughout the year, and the equipment has been maintained in a satisfactory condition.

First-aid classes have been conducted during the year; although the response has been disappointing, examination results were excellent.

GENERAL.

From the Balance-sheet it will be seen that after the payment of working expenses, loan redemption, interest charges, and allowing £10,000 for depreciation, the operation of the Mine, for the financial year ended 30th June, 1939, resulted in a loss of £125,584.

Everything possible has been done during the year to reduce the cost of production. Although there has been an improvement as compared with last year, it is impossible to operate other than at a heavy loss while the selling price of Maitland coal remains at its present low level, as this forms the basis of the price paid for State Mine coal used for railway purposes.

Wage rates have been gradually restored to their peak level. On the other hand the selling price of coal continues to remain practically stagnant. In this connexion the following comparison is interesting:—

Year.	Wages.		Selling Price to Railways Department.	
	Grade.	Rate.	Screened.	Slack.
		Per day.	Per ton.	Per ton.
		<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
1928-29	Labourer (surface)	18 0	} 22 6	} 21 4
	Shiftman	19 11		
	Minimum wage	19 7		
	Tradesman	20 6		
	Engine driver	21 7		
At present	Labourer (surface)	16 5	} 16 4	} 15 0
	Shiftman	19 10		
	Minimum wage	19 10		
	Tradesman	22 6		
	Engine driver	22 0		

Comment would be superfluous.

It will be noted that the accumulated loss since the inception of the Mine to date is £712,619. The quantity of coal mined has been approximately 13 million tons. The loss per ton is slightly in excess of 1s. It may, therefore, be said that if the operation of the Mine has had the effect of stabilizing prices even to this extent, its establishment has been more than justified.

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. 2.

STATE COAL MINE, WONTHAGGI.

GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1939.

1 Year.	2 Capital Raised.	3 Capital Expended.	4 Coal Raised.	5 Revenue Receipts. (b)	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 earnings per Shift.	15 Estimated Coal Reserves.
								Depreciation.	Sinking Fund.						
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	1,015	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	..	54,235	8,804	1,226	17 7-56	16	
1918-19	250,000	240,239	343,318	285,099	293,510	..	8,411	27,000	177	56,446	8,804	1,255	17 10-01	16	
1919-20	250,000	240,225	424,985	426,405 ^c	405,343	21,062	..	30,000	6,236	64,798	8,804	1,390	20 5-19	15	
1920-21	250,000	240,218	368,239	426,659	423,818	2,841	..	32,000	6,236	73,469	8,804	1,193	24 3-64	15	
1921-22	250,000	240,033	504,165	567,404	549,017	18,387	..	36,000	12,472	88,786	8,804	1,554	26 2-64	18	
1922-23	250,000	240,033	424,126	461,978	467,290	..	5,312	30,000	..	92,297	8,804	1,566	25 7-30	19	
1923-24	250,000	240,033	489,630	559,758	555,803	3,955 ^b	..	30,000	6,236	102,350	8,956	1,596	25 10-20	21	
1924-25	250,000	250,000	405,695	500,232	499,961	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 1/2	
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 3/4	
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 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	..	55,000	6,180	498,961	3,572	1,776	27 0-73	14 1/2	
1930-31	250,000	250,000	565,444	558,781	580,106	..	21,325	30,000	6,428	546,111	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	447,551	3,048	1,668	24 9-98	13 1/2	
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 ^h	7,520	204,407	2,480	1,330 ^g	20 9-00	12 1/2	
1934-35	250,000	250,000	384,778	245,556	335,474	..	89,918	10,000 ^m	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 1/2	
1936-37	250,000	250,000	247,451	164,610	298,146	..	133,536	10,000	8,459	214,182	1,541	1,140 ^g	21 4-53 ^j	10 1/2	
1937-38	250,000	250,000	270,575	195,524	349,401	..	153,877	10,000	8,797	247,034	1,203	1,326 ^g	21 11-65 ^k	9 1/2	
1938-39	250,000	250,000	260,831	203,881	328,128	..	124,247	10,000	9,149	228,354	851	1,317 ^g	22 5-92	9 1/4	
			12,875,500	11,210,628	11,923,247	217,272	..	780,954	194,784	..	8,884,133
				Deficit to date ..		712,619	..								
						929,891	..								

(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 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. 10d. was repaid in 1926-27 and the balance in 1927-28 made to the loss in working of £12,732. (e) Inclusive of £7,000 spent towards rehabilitating McBride Tunnel. (f) Inclusive of 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. (g) Exclusive of £50,000 appropriated to Consolidated Revenue by Act No. 38 of 1929-30. (h) Prior to the 30th June, 1932 the number shown is the average number of employees for the year. (i) Since that date the number given is the number of persons employed on the last day of the financial year. (j) Shift rates in lieu of contract rates operative at all pits (excluding Western Area) as from 17th May, 1937, in accordance with State Coal Mine Tribunal Award No. 37. (k) Contract rates from 25th October, 1937, to 25th June, 1938. Shiftwork rates operative (excluding Western Area) until 24th October, 1937, average net earnings per shift for year. 20s. 9-37d. (l) Includes £275 depreciation on Stores on hand. (m) Includes £100 depreciation on Stores on hand.