

1940.
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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 1939-40.

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,
3rd September, 1940.

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, 1940.

FINANCIAL.

	£	s.	d.	£	s.	d.
Revenue				196,210	8	4
Working Expenses	262,590	13	9			
Interest on Capital	485	3	9			
				263,075	17	6
Deficit, exclusive of depreciation of assets				66,865	9	2
Depreciation of Assets	10,000	0	0			
Loan Redemption	9,514	16	3			
				19,514	16	3
Loss for year 1939-40 after providing for Loan redemption, and making the necessary allowance for depreciation				86,380	5	5

The financial position of the Mine, as at 30th June, 1940, may be summarized as follows :—

Assets.

	£	£
Depreciation Fund—Cash at Treasury	2,155	
Cash and securities held as deposits on contracts	1,064	
Stores on hand at book values	31,456	
Coal on hand	2,233	
Sundry Debtors	22,309	
Works, machinery, and plant at book values	324,894	
		384,111

Liabilities.

Capital—Balance on Loan Liability	2,615	
Advance from Unemployment Relief Funds	24,500	
Public Works Loan	23,910	
Due to Treasury for Stores Advance	26,852	
Sundry Creditors	7,423	
Due to Consolidated Revenue in respect of losses on working	850,425	
Less amount of State Mine income appropriated to Consolidated Revenue in 1929-30	50,000	
	800,425	
		885,725
Deficiency		501,614

The value of the assets which may be regarded as practically liquid is £59,217, and the book value of the fixed assets of the property is £324,894.

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	817,583
Expenditure from Unemployment Relief Funds	24,500
Expenditure from Public Works Loan Funds	23,992
	1,115,473
Amount written off for depreciation of assets	790,579
	324,894

DEPRECIATION.

Including Depreciation allowed for in the accounts for the financial year 1939–40 (£10,000), ample allowance has been made for the whole of the depreciation which has accrued up to the 30th June, 1940.

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 £790,579 has been written off the value of the assets, leaving £29,158 yet to be written off to fully overtake the provision already made by surplus profits and interest.

As new loan capital has been raised during the year, and additional raisings provided for next year, the annual depreciation charges will increase, and it is probable that the amount of £29,158 yet to be written off will be overtaken well within the next two years.

In anticipation of this happening, it is necessary that provision should be made for the depreciation in the working vote of each subsequent year.

SINKING FUND.

The Loan Liability of £12,129 13s. has been reduced to £2,614 16s. 9d. by the provision in the accounts in the year under review of an amount of £9,514 16s. 3d.

During the year additional Loan Liability was incurred as under:—

	£
Act 4670 (£60,000 raised)	23,992
Unemployment Relief Loan—Act 4097	24,500

while it is anticipated that in 1940–41 a further amount of approximately £80,000 will be incurred for developmental purposes.

Interest and redemption of these further raisings will have to be provided for in the annual votes.

DISPOSITION OF OUTPUT.

The quantity of coal “braced” during the year was 220,586 tons 15 cwt. 2 qrs. Exclusive of miners’ coal, local consumption, allowance and waste, the tonnage disposed of commercially was 203,870 tons 10 cwt.

The coal was disposed of in the following grades:—

	T.	C.	Q.
Screened	102,359	18	3
Run-of-Mine	12,547	4	0
Slack	88,963	7	1
	203,870	10	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	84,863	5	0	10,104	0	2	63,977	3	3	158,944	9	1
Sold to Public Departments	7,028	7	0	302	15	0	3,954	3	0	11,285	5	0
Sold to General Public	10,468	6	3	2,140	8	2	21,032	0	2	33,640	15	3
	102,359	18	3	12,547	4	0	88,963	7	1	203,870	10	0

LABOUR.

The year under review has been one of industrial unrest, and this is reflected in a substantially reduced output.

As mentioned in my Report of last year, the Award of the Commonwealth Court of Conciliation and Arbitration, issued on 29th June, 1939, was, in certain respects, unsatisfactory to a small section of the Miners' Union, and this resulted in a cessation of work. After an interruption of about three weeks, work was resumed, an agreement having been reached that the matters in dispute should be referred to the Full Bench of the Court for determination.

The Award of the Full Court was, however, also unacceptable, but on this occasion the three principal groups of employees in the industry were concerned, resulting in a further stoppage of work.

The strike lasted approximately three months, and after work was resumed the matters in dispute were further dealt with by the Arbitration Court and substantially increased wage and contract rates were awarded, which will materially affect the operating costs in the financial year commencing July, 1940.

Strikes, stop-work meetings, and the like were responsible for a loss of 116 days, as compared with a loss of 37 days in the previous year from similar causes.

The net average earnings per shift of the contract miners were 23s. 2.29d.

The average daily wage of adult employees (exclusive of contract miners) working below ground during fortnight ended 22nd June, 1940, was 20s. 10.4d.

At 30th June, 1940, the number of persons employed was 1,352. At a similar date last year the number was 1,317.

The amount disbursed in wages for the year was £233,796.

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

BORING.

As previously mentioned, boring of an exploratory nature has been completed.

Both drills were, however, during portion of the year, engaged in the closer boring of Kirrak and Western areas. In all fifteen bores were sunk for a total footage of 10,457 feet.

The total gross tonnage available for extraction, after allowing for the quantity extracted during the year, and providing for loss in working, is approximately 9,000,000 tons.

EASTERN AREA.—No. 18 SHAFT DISTRICT.

Three sections only are operating in this pit, Nos. 2 and 3 East sections having cut out during the year.

Serious mining difficulties, due to faulting, continue to be met with in this pit, the daily output having declined to 350 tons.

NORTHERN AREA.—No. 20. SHAFT.

Development of this pit continues to be hampered by the intrusion of faults. Pillar extraction, however, is proceeding satisfactorily in the Main East Heading.

The output from this pit is 380 tons per day.

WESTERN AREA.

The development of this pit has proceeded throughout the year, although it has been hindered to some extent by excessive faulting and the intrusion of ironstone.

The daily output has increased to 480 tons.

KIRRAK AREA.

Development of this pit during the twelve months under review has been disappointing, due mainly to the striking of major faults in the vicinity of the pit bottom, and partly to the late delivery of the main winder and ventilating fan.

Three stone drives are at present being driven to the North and West, but before development to the South can be undertaken further surface boring will be necessary.

The output is at present 100 tons per day.

DEVELOPMENT.

Since the close of the period covered by this Report, the Government, acting upon the representations of the Commissioners, has set aside a sum for the exploratory boring of the area referred to in my previous reports. This area is from 2 to 6 miles East and North-East of the present Kirrak Area, in which promising geological conditions exist.

Unless further seams of a workable thickness are located in this area at a reasonably early date, and their development undertaken, serious staff retrenchments will be necessary when pits Nos. 18 and 20 cease to operate.

ELECTRICAL PLANT.

The power station plant has continued to operate efficiently.

An order has been placed for the new turbo-alternator referred to in my last Report, but owing to the war it is impossible to say when delivery will be given.

The total number of units generated was 8,370,420 as compared with 9,652,710 for the previous twelve months, the decrease being due mainly to the lesser time worked.

WORKSHOPS.

The whole of the Workshops plant has been maintained in good order. Practically the whole of the repair work has been carried out in our own shops, and, in addition, there were manufactured two shaking screens, two picking tables, and 200 ball-bearing steel skips and sundry auxiliary plant.

MECHANIZATION.

It was anticipated that the position with regard to the use of coal cutters would have been advanced a further stage by the installation of the machines referred to in my last Report. However, on account of the war and the difficulty in obtaining machinery of this description from England, the experiment has been deferred for the time being.

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 Rescue Brigade at present consists of 36 members, 28 of whom are fully trained.

Practices are held regularly, and the brigade equipment is being kept up to date and in good condition.

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, 1940, resulted in a loss of £86,360.

It will be observed that there has been an improvement in the financial position, as compared with the past few years, a contributing factor being an increase in the selling price of coal. Heavy losses must, however, be expected unless there is a further considerable increase in the price of New South Wales coal, which forms the basis of the price paid for State Mine coal used for railway purposes.

The Balance-sheet and Statement of Accounts for the year, and 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, 1940.

LIABILITIES.		£	s.	d.	£	s.	d.
Treasurer of Victoria—							
For Loans		250,000	0	0			
Less redeemed from Sinking Fund		247,385	3	3			
					2,614	16	9
For Advance from Consolidated Revenue (to be recouped)					850,425	9	0
For National Recovery Loan—Unemployment Relief					24,500	0	0
For Public Works Loan and Application Act No. 4670, Development Works					23,909	16	3
For Advance for purchase of Stores					26,851	16	0
Sundry Creditors—							
On Stores Accounts		3,269	15	2			
Sundries		4,153	9	11			
					7,423	5	1
Sinking Fund—							
Balance at 30th June, 1939		237,870	7	0			
Contribution, 1939-40		9,514	16	3			
					247,385	3	3
					<hr/>		
					1,183,110	6	4
					<hr/>		
					ASSETS.		
Works, Machinery, and Plant as per Balance-sheet at 30th June, 1939					307,396	7	5
Expended during current year					27,479	7	8
					334,893	15	1
Less Depreciation written off					10,000	0	0
Stores on hand							
Coal on hand							
Sundry Debtors—							
For Coal					4,657	13	0
For Sundries					2,065	7	4
Sundry Charges in Suspense							
Workers' Compensation Premium paid in advance							
Cash					499	0	3
Deposits held on Contracts					565	7	10
Depreciation Fund—							
Cash							
Profit and Loss—							
Balance at 30th June, 1939					712,619	5	2
Loss for current year					86,380	5	5
Balance on Profit and Loss at 30th June, 1940							
					798,999	10	7
					<hr/>		
					1,183,110	6	4
					<hr/>		

L. J. WILLIAMSON,
Comptroller of Accounts.
17th September, 1940.

E. A. PEVERILL,
Auditor-General.
14th October, 1940.

J. McLEISH,
General Manager, State Coal Mine.
12th September, 1940.

APPENDIX No. 1—continued.

STATE COAL MINE, WONTHAGGI.

WORKING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1940.

		1940.		1940.	
		£	s. d.	£	s. d.
June 30.	To Working Expenses, including Salaries of £300 and over..	262,177	18 3	..	..
	Owners' Contribution to Accident Fund ..	..	412 15 6	..	..
		<hr/>	
		262,590	13 9	..	..
		<hr/>	
	Balance carried to Profit and Loss	..	..	..	..
	
		<hr/>	
		262,590	13 9	..	..
		<hr/>	
		183,732	0 8	..	..
		12,478	7 8	..	..
		<hr/>	
		66,380	5 5	..	..
		<hr/>	
		262,590	13 9	..	..
		<hr/>	

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1939-40.

		1940.		1940.	
		£	s. d.	£	s. d.
June 30.	To Balance transferred from Working Account	..	..	..	..
	Sinking Fund ..	..	..	..	..
	Interest on Loans ..	..	..	..	..
	Depreciation for the year ..	..	..	..	..
	
	
		<hr/>	
		66,380	5 5	..	..
		9,514	16 3	..	..
		485	3 9	..	..
		10,000	0 0	..	..
		<hr/>	
		86,380	5 5	..	..
		<hr/>	
		86,380	5 5	..	..
		<hr/>	

L. J. WILLIAMSON,

Comptroller of Accounts.

17th September, 1940.

E. A. PEVERILL,

Auditor-General.

14th October, 1940

J. McLEISH,

General Manager, State Coal Mine.

12th September, 1940.

APPENDIX A. O. 1—continued.

STATE COAL MINE, WONTHAGGI.

CAPITAL STATEMENT AS AT 30TH JUNE, 1940.

RECEIPTS.		EXPENDITURE.	
	£ s. d.		£ s. d.
Loan Funds provided under Act 2630	150,000 0 0	General Capital	8,855 0 0
Loan Funds provided under Act 2429	100,000 0 0	Horses and Ponies	921 12 8
Loan Funds provided under Act 4670	23,991 10 8	General Pits	9,142 17 10
Funds provided from Unemployment Relief Loan .. .. .	.. .. .	Western Area	62,494 11 7
Funds provided in the State Coal Mine Depreciation Fund .. .. .	.. .. .	No. 18 Shaft	2,609 16 11
	.. .. .	No. 20 Shaft	25,568 11 5
	.. .. .	Dudley Area	693 4 4
	.. .. .	Kirrak Area	135,456 6 4
	.. .. .	General Electrical Capital	79,151 14 0
	1,118,228 13 8		
<i>Less: Depreciation and Flotation Expenses</i>			
Written off—			
Depreciation	790,579 0 0	<i>Present book value of assets</i>	324,893 15 1
Flotation Expenses	601 8 2	Balance—Cash in Depreciation Fund	2,154 10 5
	791,180 8 2		
	327,048 5 6		

L. J. WILLIAMSON,

Comptroller of Accounts,

12th September, 1940.

E. A. PEVERILL,

Auditor-General,

4th October, 1940.

J. MCLEISH,

General Manager, State Coal Mine.

12th September, 1940.

APPENDIX No. 2.
STATE COAL MINE, WONTHAGGI.
GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1940.

1 Year.	2 Capital Raised.	3 Capital Expended.	4 Coal Raised.	5 Revenue Receipts. (h)	6 Revenue Expenditure.	7 Surplus.	8 Deficit.	9 Provision included in Expenditure as per Column 6.		11 Amount at Credit of Sinking Fund after allowing for interest on investments and for Depreciation 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.						
1909-10	£ 36,000	£ 35,906	Tons. 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	8,817	7,050	7,050	145,407	2,468	946	13 1-00	20	
1911-12	161,605a	167,701	470,261	198,762	207,579	7,194	8,817	7,942	6,046	175,274	4,303	1,191	13 8-00	26	
1912-13	203,866	203,956	462,559	213,174	205,980	1,699	..	9,000	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	..	9,578	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	..	10,800	38,535	178,086	8,436	1,130	13 11-64	28	
1915-16	250,000	241,084	452,798	246,000	243,224	2,776	..	10,760	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	..	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	..	..	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	177	56,446	242,530	8,804	1,255	17 10-01	16	
1919-20	260,000	240,225	424,985	426,405c	405,343	21,062	..	6,236	64,798	322,516	8,804	1,390	20 5-19	15	
1920-21	250,000	240,218	368,239	426,659	423,818	2,841	..	6,236	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	..	12,472	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	..	92,297	362,464	8,804	1,566	25 7-30	19	
1923-24	250,000	240,033	489,630	559,758	555,803	3,955b	..	6,236	102,350	446,786	8,956	1,596	25 10-20	21	
1924-25	250,000	250,000	405,695	500,232	499,964	268d	..	6,236	112,802	429,254	9,148	1,688	26 11-3	17	
1925-26	250,000	250,000	495,864	540,295	539,754	541e	..	6,236	123,749	474,861	9,667	1,821	27 2-91	16½	
1926-27	250,000	250,000	612,269	687,365	678,591	8,774	..	12,472	141,452	479,195	9,671	1,540	26 6-03	15½	
1927-28	250,000	250,000	596,032	735,750	720,697	15,053	..	..	147,467	490,950	9,674	1,543	27 11-56	16½
1928-29	250,000	250,000	635,103	812,969	782,394	30,575	..	..	..	498,961	3,820	1,615	27 3-75	15½
1929-30	250,000	250,000	662,159	849,808	773,603	76,205f	..	..	..	546,111	3,572	1,776	27 0-73	14½
1930-31	250,000	250,000	565,444	558,781	580,106	..	21,325	6,180	..	447,551	3,315	1,774	24 9-85	14	
1931-32	250,000	250,000	526,278	421,233	509,347	..	88,114	6,685	..	376,728	3,048	1,668	24 9-98	13½	
1932-33	250,000	250,000	320,675	225,536	315,390	..	89,854	7,230	..	210,857	2,770	1,328g	20 6-00	13	
1933-34	250,000	250,000	316,526	211,339	288,473	..	77,134	7,520	..	204,407	2,480	1,330g	20 9-00	12½	
1934-35	250,000	250,000	384,778	245,556	335,474	..	89,918	7,820	..	246,972	2,180	1,100g	20 5-55	13	
1935-36	250,000	250,000	366,002	231,024	317,906	..	86,882	8,133	..	249,227	1,867	1,150g	21 5-72	10½	
1936-37	250,000	250,000	247,451	164,610	298,146	..	133,536	10,000	..	214,182	1,541	1,140g	21 4-53j	10½	
1937-38	250,000	250,000	270,575	195,524	349,401	..	153,877	8,797	..	247,034	1,203	1,326g	21 11-65k	9½	
1938-39	250,000	250,000	260,831	203,881	328,128	..	124,247	9,149	..	228,354	851	1,317g	22 5-92	9½	
1939-40	250,000	250,000	220,587	196,210	282,591	..	86,381	9,515	..	233,796	485	1,352g	23 2-29	9	
			13,096,087	11,406,838	12,205,838	217,272	..	790,954	..	9,117,929	172,325				
				Deficit to date ..		799,000	..	204,299	..						
						1,016,272	1,016,272								

(a) £7,060 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, and exclusive of which there was a loss in working of £31,670. (c) Including £28,382 to adjust short payments to the Mine in former years. (d) Inclusive of a subsidy of £30,000 of which the sum of £37,287 15s. 10d. 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 £24,438. (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 £24,438. (f) Excess of £50,000 appropriated to Consolidated Revenue by Act No. 3883. (g) 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. (h) To 15th May, 1937. Shift rates in lieu of contract rates operative at all pits (excluding Western Area) as from 17th March, 1937, in accordance with State Coal Mine Tribunal Award No. 37. (i) To 15th May, 1937. Shift rates in lieu of contract rates operative at all pits (excluding Western Area) until 24th October, 1937, average net earnings per shift for year, 20s. 9-37d. (j) Includes £100 depreciation on Stores on hand. (k) Includes £275 depreciation on Stores on hand. (l) Includes £100 depreciation on Stores on hand. (m) Includes £100 depreciation on Stores on hand.