

1941.
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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 1940-41.

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 October, 1941.

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, 1941.

FINANCIAL.

	£	s.	d.	£	s.	d.
Revenue				270,734	0	0
Working Expenses	379,562	14	6			
Interest on Capital		104	11	10		
				379,667	6	4
Deficit, exclusive of depreciation of assets and loan redemption				108,933	6	4
Depreciation of Assets	10,000	0	0			
Loan Redemption	2,614	16	9			
				12,614	16	9
Loss for year 1940-41 after providing for Loan Redemption, and making the necessary allowance for depreciation				121,548	3	1

The financial position of the Mine, as at 30th June, 1941, may be summarized as follows:—

Assets.

	£	£
Depreciation Fund—Cash at Treasury	1,662	
Cash and securities held as deposits on contracts	1,384	
Stores on hand at book values	28,336	
Coal on hand	2,725	
Sundry Debtors	29,265	
Works, machinery, and plant at book values	340,488	
		403,860

Liabilities.

Advance from Unemployment Relief Funds	24,500	
Public Works Loan	48,962	
Due to Treasury for Stores Advance	24,723	
Sundry Creditors	7,995	
Due to Consolidated Revenue in respect of losses on working	£ 968,227	
Less amount of State Mine income appropriated to Consolidated Revenue in 1929-30	50,000	
	918,227	
		1,024,407
Deficiency		620,547

The book value of the fixed assets at 30th June, 1941, is £340,488, which is arrived at as follows:—

	£
Original Capital Expenditure	249,398
Expenditure from Depreciation Fund	818,076
Expenditure from Unemployment Relief Funds	24,500
Expenditure from Public Works Loan Funds	49,093
	1,141,067
Amount written off for depreciation of Assets	800,579
	340,488

DEPRECIATION.

Including £10,000 charged in the working accounts for this year, ample allowance has been made for depreciation up to 30th June, 1941.

In my last report the depreciation position since the inception of the Mine was reviewed in detail, and it was pointed out that cash provision for depreciation should, in future, be made in the annual working votes. A contribution of £5,000 from the working vote to the Depreciation Fund is included in the Treasurer's 1941-42 Budget. Although this rate of contribution will not be sufficient to cover the total future annual depreciation, it is a recognition of the necessity for building up the Depreciation Fund from Votes in order to avoid making future replacements from Loan Funds.

SINKING FUND.

With the provision in the accounts of the year under review of an amount of £2,614 16s. 9d. the original loans, totalling £250,000, have been fully redeemed.

Additional Loan liability has been incurred as under :—	£
Act No. 4670 (£60,000 raised)	49,093
Unemployment Relief Loan—Act No. 4097	24,500

Provision for the necessary interest and redemption has been made in the Votes of 1941-42.

DISPOSITION OF OUTPUT.

The quantity of coal "braced" during the year was 280,570 tons 4 cwt. 0 qrs. Exclusive of miners' coal, local consumption, allowance and waste, the tonnage disposed of commercially was 257,901 tons 11 cwt. 1 qr.

The coal was disposed of in the following grades :—

	T.	C.	Q.
Screened	133,848	3	2
Run-of-Mine	7,132	10	1
Slack	116,920	17	2
	257,901	11	1

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	107,622	9	0	4,556	6	3	77,344	2	2	189,522	18	1
Sold to Public Departments	6,206	19	1				2,569	15	0	8,776	14	1
Sold to General Public	20,018	15	1	2,576	3	2	37,007	0	0	59,601	18	3
	133,848	3	2	7,132	10	1	116,920	17	2	257,901	11	1

LABOUR.

Wages, piecework rates and conditions of employment have, throughout the year, been governed by awards of the Arbitration Court and the Boards of Reference established under the National Security (Coalmining Industry Employment) Regulations, except for a small section of employees whose wages and conditions continue to be regulated by the State Coal Mine Industrial Tribunal.

Since the issue of the award of the Arbitration Court, referred to in my last report, several variations have taken place which have had the effect of still further increasing wage and piecework rates, whilst in addition war-time loadings have been prescribed. Notwithstanding this, a further comprehensive Log of Claims has now been submitted by the Australasian Coal and Shale Employees Federation, and this matter is at present being dealt with by the Arbitration Court.

Due to the war there has been a considerable shortage of labour, especially in respect of experienced miners, which has had a detrimental effect upon the output.

As compared with a loss of 116 days in the previous year, the time lost in the year under review as the result of strikes, stopwork meetings and the like was 24 days.

The net average earnings, per shift, of the contract miners were 25s. 10·41d., compared with 23s. 2·29d. in the previous year. However, increases in piecework rates did not operate throughout the whole of the year, with the result that this figure is considerably below the present average earnings of contract miners, which are in the vicinity of 30s. per shift.

The average daily wage of adult employees (exclusive of contract miners) working below ground during fortnight ended 21st June, 1941, was 23s. 7·64d. compared with 20s. 10·40d. in the previous year.

At 30th June, 1941, the number of persons employed was 1,201. At a similar date last year the number was 1,352.

The amount disbursed in wages for the year was £321,076.

I regret to report that three employees were killed during the year as the result of falls of stone.

BORING.

Both drills were in operation during the year.

No. 1 drill, for part of the year, was engaged in the closer boring of Western Area. Since February last it has been employed (under a special vote) in the Inverloch-Kongwak Area, later referred to in this report.

No. 2 drill was engaged in the closer boring of Kirrak Area, but the plant is now operating in the Inverloch-Kongwak Area.

In all 34 bores were sunk for a total footage of 20,827 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 8,680,000 tons.

EASTERN AREA.—No. 18 SHAFT DISTRICT.

Three (3) sections are still operating in this pit, viz., B2, Wilson's Dip, and No. 2 North.

Steep grades, coupled with "wants" or barren ground, have retarded coal production in this pit.

The average daily output for the year was 360 tons.

NORTHERN AREA.—No. 20 SHAFT.

Development in this pit has proceeded satisfactorily throughout the year.

Pillar extraction in the Main East Heading is nearing completion.

Work in the Bottom Seam is at present held up on account of shortage of labour.

The average daily output is 450 tons.

WESTERN AREA.

Excessive faulting continues to be met with in this pit, whilst the intrusion of iron stone is still affecting the output.

Production and development have, to some extent, been hindered by the lack of experienced miners.

The average daily output is 420 tons.

KIRRAK AREA.

The development of this pit has been more satisfactory than previously reported, the output averaging 100 tons per day.

Due to the shortage of labour, and also to the late arrival from England of the electrical portion of the winding engine, it has been impossible to increase this output.

Developmental stone drives are now being driven to the East and West of the pit bottom.

DEVELOPMENT.

As previously mentioned, both boring plants are now operating in the Inverloch-Kongwak area, which is East and North-East of the present Kirrak Area.

To date seven (7) bores have been sunk—the deepest being 1,243 feet—without a seam of coal being struck. The distance separating the first and last bores is six (6) miles.

As previously reported unless a seam of workable thickness is located in this area at a reasonably early date, and development undertaken, there will be a serious dislocation of labour when pits Nos. 18 and 20 finish operating in about 6 and 8 years' time respectively.

ELECTRICAL PLANT.

The power station plant has continued to operate efficiently.

The total number of units generated was 9,044,850 as compared with 8,370,420 for the previous twelve months.

Due to war conditions, the Contractor was unable to give delivery of the Turbo-alternator referred to in my report for last year. On this account the order was cancelled and fresh tenders invited. These are now being considered.

WORKSHOPS.

As previously, practically the whole of our repair work has been carried out in the Workshops, and in addition 300 ball-bearing steel skips, cages, and sundry plant have been manufactured. The whole of the Workshops plant has been maintained in good order and condition.

RESCUE STATION.

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

The Rescue Brigade at present consists of 32 fully-trained men and 14 partly trained men.

Regular practices have been held throughout the year, and the equipment has been maintained in a satisfactory 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, 1941, resulted in a loss of £121,548 3s. 1d.

Although the cost of production has been steadily growing, due to higher wages and increased piecework rates, there has been no corresponding increase in the price of coal during the year. While this position remains there is no likelihood of the Mine being operated other than at a heavy loss.

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—continued.

STATE COAL MINE, WONTHAGGI.

CAPITAL STATEMENT AS AT 30TH JUNE, 1941.

RECEIPTS.		£	s.	d.	£	s.	d.	EXPENDITURE.		£	s.	d.
Loan Funds provided under Act 2630 ..	..	150,000	0	0	..	..	..	General Capital ..	..	8,655	0	0
Loan Funds provided under Act 2429 ..	..	100,000	0	0	..	..	..	Horses and Ponies ..	..	866	5	8
Loan Funds provided under Act 4670 ..	..	49,092	16	4	..	..	..	General Pits ..	..	8,431	8	3
Funds provided from Unemployment Relief Loan ..	..	..	..	..	299,092	16	4	Western Area ..	..	60,371	9	10
Funds provided in the State Coal Mine Depreciation Fund ..	..	..	..	..	24,500	0	0	No. 18 Shaft ..	..	2,348	16	11
..	..	..	..	..	819,737	3	0	No. 20 Shaft ..	..	23,718	5	5
..	..	..	..	..	1,143,329	19	4	Dudley Area ..	..	641	4	4
..	..	..	..	..	..	..	..	Kirrak Area ..	..	160,008	5	6
..	..	..	..	..	..	..	..	General Electrical Capital ..	..	75,446	17	2
Less: Depreciation and Flotation Expenses	..	..	..	..	..	..	..	..	..	..	..	..
Written off—	..	..	..	..	..	..	..	..	..	..	..	..
Depreciation ..	..	800,579	0	0	..	..	..	..	..	..	..	..
Flotation Expenses ..	..	601	8	2	..	..	..	..	..	..	..	..
		801,180	8	2	..	..	..	..	..	..	..	..
		342,149	11	2	..	..	..	..	..	..	..	..
		340,487	13	1	..	..	..	..	..	..	..	..
		1,661	18	1	..	..	..	..	..	..	..	..
		342,149	11	2	..	..	..	..	..	..	..	..

L. J. WILLIAMSON,

Comptroller of Accounts,
26th September, 1941.

E. A. PEVERILL,

Auditor-General,
9th October, 1941.

J. McLEISH,

General Manager, State Coal Mine.
24th September, 1941.

STATE COAL MINE, WONTHAGGI.
GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1941.

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, for		11 Amount at Credit of Sinking Fund after allowing for interest on Investments and for Repayments 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.						
	£	£	Tons.	£	£	£	£	£	£	£	£	£		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	161,605a	167,701	470,261	198,762	207,579	..	8,817	10,709	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	7,194	..	25,546	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	..	25,000	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	..	33,000	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	..	30,954	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	25,000	52,274	197,694	8,803	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	228,506	8,804	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	242,530	8,804	8,804	1,255	17 10-01	16
1919-20	250,000	240,225	424,985	426,405c	405,343	21,062	..	30,000	64,798	322,516	8,804	8,804	1,390	20 5-19	15
1920-21	250,000	240,218	368,239	426,659	423,818	2,841	..	32,000	73,469	319,224	8,804	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	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	362,464	8,804	8,804	1,566	25 7-30	19
1923-24	250,000	240,033	489,630	559,758	555,803	3,955b	..	30,000	102,350	446,786	8,956	8,956	1,596	25 10-20	21
1924-25	250,000	250,000	405,695	500,232	499,964	268d	..	30,000	112,802	429,254	9,148	9,148	1,688	26 11-3	17
1925-26	250,000	250,000	495,864	540,295	539,754	541e	..	34,000	123,749	474,861	9,667	9,667	1,821	27 2-91	16½
1926-27	250,000	250,000	612,269	687,365	678,591	8,774	..	56,000	141,452	479,195	9,671	9,671	1,540	26 6-03	15½
1927-28	250,000	250,000	596,032	735,750	720,697	15,053	..	55,000	147,467	498,961	9,674	9,674	1,543	27 11-56	16½
1928-29	250,000	250,000	635,103	812,969	782,394	30,575	..	55,000	..	498,961	3,820	3,820	1,615	27 3-75	15½
1929-30	250,000	250,000	662,159	849,808	773,603	76,205f	..	35,000	..	546,111	3,572	3,572	1,776	27 0-73	14½
1930-31	250,000	250,000	565,444	558,781	580,106	..	21,325	30,000	..	447,551	3,315	3,315	1,774	24 9-85	14
1931-32	250,000	250,000	526,278	421,233	509,347	..	88,114	30,000	..	376,728	3,048	3,048	1,668	24 9-98	13½
1932-33	250,000	250,000	320,675	225,536	315,390	..	89,854	30,000	..	210,857	2,770	2,770	1,328g	20 6-00	13
1933-34	250,000	250,000	316,526	211,339	288,473	..	77,134	30,000	..	204,407	2,480	2,480	1,330g	20 9-00	12½
1934-35	250,000	250,000	384,778	245,556	335,474	..	89,918	10,000m	..	246,972	2,180	2,180	1,100g	20 5-55	13
1935-36	250,000	250,000	366,002	231,024	317,906	..	86,882	10,000	..	249,227	1,867	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	1,541	1,140g	21 4-53j	10½
1937-38	250,000	250,000	270,575	195,524	349,401	..	153,877	10,000	..	247,034	1,203	1,203	1,326g	21 11-65k	9½
1938-39	274,500	273,354	260,831	203,881	328,128	..	124,247	10,000	..	228,354	851	851	1,317g	22 5-92	9½
1939-40	334,500	298,410	220,587	196,210	282,591	..	86,381	10,000	..	212,771	485	485	1,352g	23 2-29	9
1940-41	334,500	323,462	280,570	270,734	392,282	..	121,548	10,000	..	308,954	105	105	1,201g	25 10-41	8½
			13,376,657	11,677,572	12,598,120	217,272	..	800,954	206,914	..	9,405,858	172,430			
				Deficit to date	..	920,548	..								
						1,137,820	1,137,820								

(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) made to the Mine by the Railway Department and exclusive of which there was a loss in working of £31,670. (c) Inclusive of £26,852 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 16s. 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 McBride 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, see Annual Report 1929-30. (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) Includes interest earned on Depreciation Fund Investments. (i) 1937-38 14th May 1937. 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. (j) 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, 26s. 9-37d. (k) Includes £275 depreciation on Stores on hand. (l) Includes £100 depreciation on Stores on hand.