

1945.
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VICTORIA

ANNUAL REPORT

OF

THE GENERAL MANAGER OF THE STATE COAL MINES,

INCLUDING

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

FOR THE

YEAR 1944-45.

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 (300 copies), £15.]

By Authority:

J. J. GOUBLEY, GOVERNMENT PRINTER, MELBOURNE.

No.12 —[9D.]—11887/45.

STATE COAL MINES, WONTHAGGI.

State Coal Mines,
Wonthaggi,
28th August, 1945.

GENTLEMEN,

I have the honour to submit my 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, 1945.

FINANCIAL.

	£	s.	d.	£	s.	d.
Revenue				395,230	19	1
Working Expenses	445,765	4	9			
Interest on Capital	3,115	10	2			
				448,880	14	11
Deficit exclusive of depreciation of assets and loan redemption				53,649	15	10
Depreciation of Assets	20,353	11	5			
Loan Redemption	4,884	9	10			
				25,238	1	3
Loss for year 1944-45, after providing for loan Redemption and making the necessary allowance for depreciation				78,887	17	1

DEPRECIATION.

Including the charge in the working account of £20,353 11s. 5d. for depreciation this year, full allowance has been made for all depreciation accrued up to 30th June, 1945.

After allowing for the contribution this year of £20,000 from the working vote to the Depreciation Fund, full provision has been made in the fund for the aggregate amount written off the assets to 30th June, 1945.

SINKING FUND.

By the contribution this year of £4,884 9s. 10d. to the Sinking Fund, the outstanding liability has been reduced to £84,130 0s. 10d. from the total amount of £104,000 advanced up to 30th June, 1945, under Acts No. 4670 and No. 4763.

DISPOSITION OF OUTPUT.

The quantity of coal "braced" during the year was 228,431 tons 3 cwt. 1 qr. After excluding miners' coal, local consumption, allowances and waste, the tonnage disposed of commercially was 209,530 tons 15 cwt. 2 qrs. as shown hereunder:—

	Screened.			Run-of-Mine.			Slack.			Total.		
	T.	C.	Q.	T.	C.	Q.	T.	C.	Q.	T.	C.	Q.
Sold to Railway Department	68,701	18	2	4,555	13	2	44,012	6	1	117,269	18	1
Sold to Public Departments	5,963	1	1	..			4,223	8	1	10,186	9	2
Sold to General Public	33,245	11	2	..			48,828	16	1	82,074	7	3
	107,910	11	1	4,555	13	2	97,064	10	3	209,530	15	2

LABOUR.

During the year there was a complete absence of stoppages due to industrial causes ; but the acute shortage of experienced labour has continued to have an adverse effect both upon production and development.

The number of persons employed at 30th June, 1945, was 989 as compared with 1,032 employed at a similar date last year—a loss of 43 men. Of this number 24 were cavelled coal miners with an equivalent output of 15,300 tons of coal per annum.

The *Coal Mine Workers' Pensions Act 1942* provides for the compulsory retirement of employees at the age of 60 years. But the Governor in Council issued an order suspending such retirements for the duration of the war unless specially sanctioned by him. If this order is withdrawn, then 31 employees who had reached the age of 60 years on the 30th June last will be forced to retire. This would result in a further serious loss of output. As the average age of all employees on the field is 42 years, the urgency of the need for an influx of young men will be readily appreciated.

It must again be stressed that to operate the mines on the most efficient basis an output of 1,500 tons per day is necessary, and, to obtain this output an additional 200 coal miners and 60 other employees are urgently required. Efforts to obtain these men have up to the present been unsuccessful.

Absenteeism continues to be high. The loss in output from this cause is estimated to be approximately 1,000 tons per fortnight.

Wages and conditions of employment of employees who are members of the Australasian Coal and Shale Employees Federation are now controlled by the Central Industrial Authority constituted under the *Coal Production (War Time) Act 1944*. Wages and conditions of the remainder of the employees, apart from a small section under the State Coal Mine Industrial Tribunal, are governed by awards of the Central Reference Board (Coal).

No award of major importance was issued during the year.

The net average earnings per shift of the contract miners was 33s. 10·72d., as compared with 33s. 1·69d. in the previous year.

The average daily wage of adult employees (exclusive of contract miners) working below ground during the fortnight ended 30th June, 1945, was 27s. 3d.

The amount disbursed in wages for the year was £361,157.

BORING.

On 1st July, 1944, the State Coal Mines boring plants and crews were taken over by the Mines Department and continued boring the Korumburra area under their control until April, 1945. Since the return of the drills, during that month, one of the plants has been used in closer boring a shallow area (known as Western Area "C") to the west of the present Western Area workings. This area is estimated to contain 368,000 tons of coal.

GROSS TONNAGE OF COAL RESERVES IN THE STATE COAL MINES AREA.

An investigation into the coal reserves was conducted during the year. As a result of this survey reserves in the present operating pits have been increased by 320,000 tons, and the following new areas added :—

Western Area "B" :—

This area is situated to the north-east of the present Western Area and is estimated to contain 2,248,000 tons.

Western Area "C" :—

As indicated above, boring is at present in progress in this area and results to date have proved that it contains 368,000 tons. Further boring may increase this estimate.

Western Area "D" :—

This area is estimated to contain 232,000 tons.

	Tons.	Tons.
Estimate, Annual Report 1943-44 .. ..	..	6,303,000
Additions to reserves	320,000	
New areas	2,848,000	
	<hr/>	3,168,000
		<hr/>
		9,471,000
Extracted during the year	228,431	
Allow for loss in working	66,569	
	<hr/>	295,000
		<hr/>
Estimated gross tonnage available for extraction ..		9,176,000
		<hr/>

EASTERN AREA.—No. 18 SHAFT SECTION.

No. 2 North Section.—The extraction of pillars has been completed in the eastern side of this section, and is continuing in the B2 and No. 1 North Sections.

A small area of coal is also being extracted from the No. 1 East Heading.

The average daily output was 218 tons.

NORTHERN AREA.—No. 20 SHAFT.

Top Seam.—Owing to shortage of experienced labour, the 60 ft. downthrow fault to the north of the No. 10 Level West Section has not yet been negotiated.

Development of the West Section has ceased owing to a thinning out of the coal seam.

Bottom Seam.—The South-east Section has been kept advancing by the longwall method, several faults having been met and negotiated.

The West Section is continuing in longwall.

The average daily output was 260 tons.

WESTERN AREA.

The development of the North Section has continued during the year although progress has been retarded on account of man-power difficulties.

Development of the South-east Section has proceeded satisfactorily during the year, although the problem of drainage, on account of the quantity of water made, has been formidable.

Development is continuing in the West Heading Section.

The average daily output was 290 tons.

KIRRAK AREA.

The acute shortage of experienced labour is demonstrated by the decision to temporarily cease coal getting operations in this area and to divert the available man power to other operating pits which are all understaffed. This will give a more efficient grouping of employees and should result in increased production and more economical working.

ELECTRICAL PLANT.

In May, 1945, it was found that the 33 years old No. 2 turbine could no longer be operated, and investigations are taking place, prior to the calling of tenders for a new turbine recommended in the 1938-39 and 1940-41 annual reports.

Otherwise the power station, and auxiliary plant, continued to operate efficiently throughout the year.

9,084,320 units were generated during the year, compared with 8,655,840 units in the previous year.

WORKSHOPS.

As previously, practically the whole of our repair work has been carried out in the workshops, while in addition certain auxiliary plant has been manufactured.

The whole of the workshops plant has been maintained in good order and condition.

RESCUE STATION.

The Rescue Station, which was established in 1928, has been maintained in an efficient state ready for any emergency.

The brigade at present consists of 64 men, all of whom are fully trained.

Practices are held regularly and the whole of the equipment kept in an up-to-date condition.

COAL MINERS WORKERS' PENSIONS ACT.

During the year 39 employees were granted pensions bringing the total to 116. Pensions granted to widows remain at 7.

RETIREMENT OF MR. J. McLEISH.

Mr. J. McLeish, General Manager, reached the statutory retiring age of 65 years on 3rd November, 1944. In view, however, of the seriousness of the coal situation, and having regard to Mr. McLeish's long experience and knowledge of the coal mining industry, the Government considered it advantageous to retain his services until 3rd August, 1945, on which date he retired from the State Coal Mines.

GENERAL.

From the balance-sheet it will be seen that after the payment of working expenses, loan redemption, interest charges and charging £20,353 11s. 5d. for depreciation, the operation of the mines for the financial year ended 30th June, 1945, resulted in a loss of £78,887 17s. 1d. as compared with a loss of £82,948 3s. 11d. for the previous financial year.

It has been recognized for some considerable time that the value of the mines to the State does not lie so much in any prospect of direct profit, but in assisting to stabilize the coal supplies of Victoria. This has been further emphasized in view of the several crises in the coal position caused by industrial troubles in New South Wales. In the year under review the steady production of coal at the State Coal Mines has continued to influence the prosperity of the State in directions that cannot be indicated in the balance-sheet, which, on this account, does not reflect the true value of the mines to the community.

I would like to express my personal appreciation of all the officers and employees of the mines who co-operated so ably during the year, and look forward to the continuance of this friendly spirit.

The Balance-sheet and Statement of Accounts for the year, and general comparative statement of the results of the working of the mines since their inception, are embodied in Appendices Nos. 1 and 2 attached.

I have the honour to be,

Sirs,

Your obedient servant,

H. T. JOHNSTON,

General Manager.

The Victorian Railways Commissioners,
Melbourne.

APPENDIX No. 1.

STATE COAL MINES, WONTHAGGI.
BALANCE-SHEET AS AT 30TH JUNE, 1945.

LIABILITIES.		£	s.	d.	£	s.	d.
Treasurer of Victoria—							
For Loans provided under—							
Act 2429		100,000	0	0			
Act 2630		150,000	0	0			
Act 4670		60,000	0	0			
Act 4763		44,000	0	0			
<i>Less</i> redeemed from Sinking Fund		354,000	0	0			
		269,869	19	2			
National Recovery Loan—Unemployment Relief—					84,130	0	10
Development Works					24,500	0	0
Advance from Consolidated Revenue					1,307,721	0	1
Advance from Public Account (Act No. 3341) for the purchase of stores					27,855	12	5
Sundry Creditors—							
Stores Accounts		3,401	19	8			
Sundries		24,655	5	1			
Sinking Fund—					28,057	4	9
Balance at 30th June, 1944		264,985	9	4			
Contribution for 1944-45		4,884	9	10			
Depreciation Fund Interest Reserve					269,869	19	2
					73,231	17	2
					1,815,365	14	5
ASSETS.							
Works, Machinery and Plant as per Balance-sheet at 30th June, 1944					311,759	15	0
Expended during current year					6,923	10	5
<i>Less</i> Depreciation written off during the year					318,683	5	5
					20,353	11	5
Stores and Materials							298,329 14 0
Coal on hand							30,961 10 0
Discounts and Expenses on Loans							3,510 15 3
Sundry Debtors—							640 16 5
For Coal					24,360	6	10
For Sundries					2,018	9	1
Sundry Charges in Suspense							26,378 15 11
Workers' Compensation Insurance Premiums paid in advance							9,223 14 2
Cash in hand and in Bank							6,600 0 0
Deposits held on Contracts							540 9 11
Funds at Treasury—							880 13 5
Depreciation Fund—							
Investments					20,000	0	0
Cash					26,543	13	0
Unexpended Balance of Loan Moneys							46,543 13 0
Trust Fund—Charges in Suspense							32,390 0 5
Accumulated Loss at 30th June, 1944							14,011 5 11
Loss for Current Year							1,266,466 8 11
					78,887	17	1
Accumulated Loss at 30th June, 1945							1,345,354 6 0
							1,815,365 14 5

L. J. WILLIAMSON,
Comptroller of Accounts,
17/10/45.

E. A. PEVERILL,
Auditor-General,
28/12/45.

H. T. JOHNSTON,
General Manager, State Coal Mines,
26/10/45.

APPENDIX No. I—continued.

STATE COAL MINES, WONTHAGGI.

WORKING ACCOUNT AT 30TH JUNE, 1945.

	£	s.	d.		£	s.	d.
1945.				1945.			
June 30.				June 30.	379,970	15	0
To Working Expenses	445,311	15	4	By Sale of Coal	15,260	4	1
Owners' Contribution—V.C.M.A.R.F.	453	9	5	Sundry Receipts	50,534	5	8
				Balance carried to Profit and Loss			
	445,765	4	9		445,765	4	9

PROFIT AND LOSS ACCOUNT AT 30TH JUNE, 1945.

	£	s.	d.		£	s.	d.
1945.				1945.			
June 30.				June 30.	78,887	17	1
To Balance transferred from Working Account	50,534	5	8	By Balance (Loss for Year)			
Interest on Loans	3,115	10	2				
Sinking Fund	4,884	9	10				
Depreciation	20,353	11	5				
	78,887	17	1		78,887	17	1

L. J. WILLIAMSON,
Comptroller of Accounts,
17/10/1945.

E. A. PEVERILL,
Auditor-General,
28/12/45.

H. T. JOHNSTON,
General Manager, State Coal Mine,
26/10/45.

APPENDIX No. 1—continued.

STATE COAL MINES, WONTHAGGI.

CAPITAL STATEMENT AS AT 30TH JUNE, 1945.

RECEIPTS.		EXPENDITURE.	
£	s. d.	£	s. d.
Loan Funds provided under—			
Act 2630	150,000 0 0	General Capital	8,499 19 3
Act 2429	100,000 0 0	Horses and Ponies	759 3 0
Act 4670	60,000 0 0	General Pits	5,315 0 0
Act 4763	44,000 0 0	Western Area	55,195 7 11
Funds provided from Unemployment Relief Loan	354,000 0 0	No. 18 Shaft	1,842 13 9
Funds provided in the State Coal Mine Depreciation Fund	24,500 0 0	No. 20 Shaft	12,226 3 2
Creditors at 30th June, 1945	876,344 11 5	Dudley Area	327 5 11
		Kirrak Area	166,746 3 8
		General Electrical Capital	47,417 17 4
Less Depreciation and Flotation Expenses written off—			
Depreciation	876,344 11 5	Present book value of assets	298,329 14 0
Flotation Expenses	601 8 2	Discounts and Expenses on Loans	640 16 5
		Balance—	
		Funds at Treasury : Depreciation Fund—	
		Cash	26,543 13 0
		Investments	20,000 0 0
		Unexpended Balance of Loan Moneys	46,543 13 0
			32,390 0 5
			<u>377,904 3 10</u>

L. J. WILLIAMSON,
Comptroller of Accounts,
17/10/45.

E. A. PEVERILL,
Auditor-General,
28/12/45.

H. T. JOHNSTON,
General Manager, State Coal Mine,
26/10/45.

STATE COAL MINE, WONTHAGGI.

GENERAL COMPARATIVE STATEMENT FROM THE COMMENCEMENT OF THE MINE TO THE 30TH JUNE, 1945.

1 Year.	2 Capital Raised.	3 Capital Expended.	4 Coal Raised.	5 Revenue Receipts. (h)	6 Revenue Expenditure.	7 Surplus.	8 Deficit.	9 Depreciation.		11 Sinking Fund.	12 Wages Paid.	13 Interest Paid on Capital.	14 Average Number of Employees.	15 Miners' Net Average Earnings per Shift.	16 Estimated Coal Reserves.
								Amount Written Off the Value of Assets and Charged to Profit and Loss.	Net Surplus Interest and Other Contributions to the S.C.M. Depreciation Fund.						
	£	£	Tons.	£	£	£	£	£	£	£	£	£		s. d.	Million tons.
1909-10	36,000	35,906	41,274	24,861	46,695	..	21,834	..	..	..	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	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	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	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	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	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	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	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	51,738	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	17,810	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	71,650	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	23,516	..	362,464	8,804	1,566	25 7 30	19
1923-24	250,000	240,033	499,010	559,758	555,803	3,955 ^b	..	30,000	34,577	6,236	446,786	8,956	1,596	25 10 20	21
1924-25	250,000	250,000	405,695	500,232	499,994	268 ^d	..	30,000	31,956	6,236	429,254	9,148	1,688	26 11 3	17
1925-26	250,000	250,000	495,864	540,295	539,754	541 ^e	..	34,000	35,585	6,236	474,861	9,667	1,821	27 2 91	16½
1926-27	250,000	250,000	612,269	687,365	678,591	8,774	..	56,000	41,345	12,472	479,195	9,671	1,540	26 6 03	15½
1927-28	250,000	250,000	596,032	735,750	720,697	15,053	..	55,000	76,221	..	490,950	9,674	1,543	27 11 56	16½

1928-29	250,000	250,000	635,103	812,969	782,394	30,575	..	55,000	49,157	6,180	498,961	3,820	1,615	27	3	75	15½
1929-30	250,000	250,000	662,159	849,808	773,603	76,205f	..	33,000	135,094	6,428	546,111	3,572	1,776	27	0	73	14½
1930-31	250,000	250,000	565,444	558,781	580,106	..	21,325	30,000	27,284	6,085	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	5,036	6,952	376,728	3,048	1,668	24	9	98	13½
1932-33	250,000	250,000	320,675	225,536	315,390	..	89,854	30,000	5,425	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	10,000h	5,425	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	10,000m	5,421	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	10,000	5,409	8,133	249,227	1,807	1,150g	21	5	72	10½
1936-37	250,000	250,000	247,451	164,610	298,146	..	133,536	10,000	5,037	8,459	214,182	1,541	1,140g	21	4	53j	10½
1937-38	250,000	250,000	270,575	195,524	349,401	..	153,877	10,000	4,063	8,797	247,034	1,203	1,326g	21	11	65k	9½
1938-39	274,500	273,354	260,831	203,881	328,128	..	124,247	10,000	1,342	9,149	228,354	851	1,317g	22	5	92	9½
1939-40	334,500	298,410	220,587	196,210	282,591	..	86,381	10,000	..	9,515	212,771	485	1,352g	23	2	29	9
1940-41	334,500	323,462	280,570	270,734	392,282	..	121,548	10,000	..	2,615	308,954	105	1,201g	25	10	41	8½
1941-42	378,500	339,663	282,551	343,486	456,744	..	113,258	17,706	5,000	5,706	346,470	2,294	1,129g	29	9	68	6½
1942-43	378,500	344,117	259,592	410,867	487,701	..	76,834	17,706	16,000	4,560	369,205	3,440	1,069g	31	9	90	6½
1943-44	378,500	345,673	234,871	389,806	472,692	..	82,886	20,000	15,316	4,719	347,648	3,281	1,032g	33	1	69	6½
1944-45	378,500	346,110	228,431	395,522	474,119	..	78,597	20,353	20,291	4,884	358,460	3,116	989g	33	10	72	9
			Less Depreciation Fund Interest	14,391,482	13,217,253	14,489,376	217,272	876,719	876,344	226,783	10,827,641	184,561					
				73,232	..	..	..	73,232									
				13,144,021	14,489,376	Deficit to date	217,272	1,562,627									
							1,345,355	..									
							1,562,627	1,562,627									

(a) £7,950 repaid from Sinking Fund.
 (b) Inclusive of a subsidy of £35,625 (of which the sum of £1,010 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 £25,382 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 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 £79,792, 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) To 15th May, 1937. Shift rates in lieu of contract rates operative at all pits (excluding Western Area) a 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, 26s. 9-87d.
 (l) Includes £275 depreciation on Stores on hand.
 (m) Includes £100 depreciation on Stores on hand.