A STUDY OF THE MANAGEMENT AND GROWTH PATTERNS of
MOUNT MORGAN LIMITED, 1929-1950

R. F. Boyle
Master of Arts

1994
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ABSTRACT.

The Mount Morgan Mine operated almost continuously from its discovery in July 1882 until 1990 and the stories of the glamorous years when it made millionaires of a few fortunate investors have been told and retold, but the events and characters of its less fortunate periods have received only selective coverage. It is the intention of this thesis to investigate in detail the period 1929 to 1950, during which the fortunes of the Mine fluctuated from hope to despair, from despair to success and back to near failure before beginning a new period of prosperity lasting 40 years. By connecting incidents in the running of the Mine during this time with studies of the principal management characters, the thesis will establish a new understanding of the period.

The thesis questions the reasons for the 1927 liquidation of the Old Company, despite General Manager Adam Boyd’s positive plans to recover the well proven orebody by Open Cut mining. Boyd’s disagreement with the opinions of an American mining expert on the future of the Mine and the struggle to resume mining in the middle of the great depression lead to the almost miraculous success which followed a relatively small government loan to the Company. The positive and negative contributions of characters both on the Board and in the Mine management then provide an interesting commentary on the way in which the Mine prospered in the years leading to World War Two. Finally, a study of the politics of wartime control and the internal politics of management takes the Company through its most difficult post-1932 period to a slow post-war recovery as the influence of Boyd’s policies diminishes following his death and the way is opened for new management characters to establish their own style on the famous mountain.
A STUDY OF THE MANAGEMENT AND GROWTH PATTERNS
of
MOUNT MORGAN LIMITED,
1929-1950

By
Ray Frank Boyle
Master of Arts

Central Queensland University
Faculty of Arts

June 1994.
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ACKNOWLEDGMENTS.

My thanks for inspiration, guidance and support during the preparation of this thesis are due to a number of people.

Firstly, to Sir Arvi Parbo, Chairman of Western Mining Corporation and at the time President of The Australasian Institute of Mining and Metallurgy, who provided the inspiration to undertake the task. His invitation in 1989 to contribute material on the mining heritage of Central Queensland towards the preparation of his Presidential Address to the Central Queensland Branch of The Institute aroused my interest in further investigation into the history of Mount Morgan.

Thanks are due to my supervisor, Dr Denis Cryle for his guidance and encouragement throughout the period of candidature; to Mrs Carol Gistitin and Mr Patrick O'Connor of the library of the Central Queensland University for their assistance in my research of the material within the Capricornia Collection; to Mrs Helen Tutt of Australasian Institute of Mining and Metallurgy library for research assistance; to the various Deans of the James Goldston Faculty of Engineering for their support and to the Central Queensland University for the award of HECS scholarships for the duration of the project.

Without the support of my wife Greta, the task would have been impossible. I thank her for her patience in losing me to my computer at a time when she had thought the discipline of formal study was 30 years behind us.

It was the atmosphere of continuity of staff and story, which was the Mount Morgan Mine during my 35 years there, which helped so much in my locating characters and events from the extensive archival material available on this great operation. My final tribute is to my mentors and friends of the past whose knowledge and love of the Mine laid the foundation for my own dedication to the place.
DECLARATION

I, Ray Frank Boyle, do solemnly and sincerely declare that apart from quotations and photographs, the origins of which are fully acknowledged, the material contained in this thesis has not been used before. I further declare that the main text is an original work.

Ray F. Boyle.

Taken and Declared before me at Rockhampton, this 23rd day of June 1994.

C. G. Friend,
Justice of the Peace.
ABBREVIATIONS

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<td>WMC</td>
<td>Western Mining Corporation</td>
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TERMINOLOGY.

The Companies which operated the Mount Morgan Mine were the MOUNT MORGAN GOLD MINING COMPANY LIMITED and MOUNT MORGAN LIMITED. In the records of Mount Morgan Limited, the two companies are known respectively as THE OLD COMPANY and THE COMPANY and throughout this thesis, the companies are so described.

Both companies, perhaps originally in an un-planned way, adopted a standard of capitalising the names of areas of the Mine, staff positions and Board events. Examples of these descriptions are: the Mine, the Open Cut, the Mill, the Smelter, the Chief Engineer, the Board and the Directors. Because this convention was used in all the records and Company publications researched, it has been adopted throughout this thesis.

UNITS

Weights and measures.

During the period (1929-1950) covered by this thesis, Imperial units were in common usage. For this reason, all units quoted in the thesis are Imperial.

The following factors may be applied to convert Imperial units to Metric units:

1 ton = 1.016 tonnes  
1 ounce troy = 31.1 grammes  
1 ounce troy = 20 dwt  
1 dwt = 1.56 grammes  
1 inch = 2.54 cm  
1 foot = 0.305 m  
1 mile = 1.61 km  
1 acre = 0.405 ha  
1 sq mile = 259 ha

Mine Level References.

All levels and survey co-ordinates used by both companies which operated the Mine were related to the original top of Ironstone Mountain which was designated 0.00 elevation and 0.00 horizontal reference. All mine levels were measured DOWNWARD from this reference point and all horizontal distances measured north, south, east or west from this datum.
Money.

Until 14 February 1966, when a system of decimal currency was introduced, Australian currency was in pounds (£.), shillings (s.) and pence (d.). These are the units used throughout this thesis, except where they occur in a quotation, in which case the original currency has been retained. Australian currency is designated A£; British currency (sterling) is designated S£.

The following factors may be applied to convert to decimal currency:

- one pound (A£1) = 20 shillings (20s.)
- one pound (A£1) = 240 pence (240d.)
- one shilling (1s.) = 12 pence (12d.)
- one pound Australian (A£1) = two dollars Australian (A$2)

For the period 1931-1966 the approximate conversion of sterling to Australian currency was:

- one pound sterling (S£1) = two dollars and fifty cents Australian (A$2.50)

The FitzHerbert Converter.

Richard FitzHerbert BSc FIA, Chief Executive of East Yarra Friendly Society, Ivanhoe, Victoria has prepared the following Table for the conversion of historic prices to the value of 1992 Australian dollars. The original Table appeared on pp. 500-501 of John M. Drew, *Mining People - A Century*, Parkville, The AusIMM, 1993. The portion of this Table which relates to the period 1927-1950 is reproduced with the permission of Mr FitzHerbert.

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To convert from pounds, shillings and pence for a particular year to 1992 dollars, multiply the £.s.d. by two to bring to decimal currency and then multiply by the factor shown against the year. The resulting figure will cover inflation to 1992 equivalent dollars. For example, the £70,000 paid by Mount Morgan Limited for the Mine would be equivalent to $3,696,000 in 1992 dollars.
INTRODUCTION.

The History of Mount Morgan Limited and its place in Australian Mining.

Mining, along with the pastoral industry, was the reason for the establishment and growth of many of the areas of settlement in Australia, including the City of Rockhampton which owed its phenomenal growth from a shanty town, serving an infant pastoral settlement, to a substantial city to the ill fated Canoona gold rush of 1858 and to the development of Mount Morgan from 1882 onward. ¹ Historians have recorded the stories of discovery, development, success and failure of mines ranging from the first Australian metalliferous mines in South Australia² to the latest exploitation of uranium deposits in the Northern Territory.³

The doyen of mining historians in Australia is Professor Geoffrey Blainey,⁴ whose published works from his first in 1954⁵ to his latest in 1993⁶ cover the history of the major mining centres in Australia - except one - Mount Morgan.⁷ Perhaps it was, because unlike the companies operating on the

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¹ Lorna McDonald, Rockhampton, A History of City and District, St Lucia, UQP, 1981.
² The Kapunda copper mine (1844-1878), and other South Australian mines are covered in a series of books and articles published by the South Australian Department of Mines and Energy, the Burra and Moonta branches of the National Trust and the Kapunda Tourism Committee. For example, see G. Drew and Joyce Jones (ed), Discovering Historic Kapunda, South Australia, Adelaide, Department of Mines and Energy and the Kapunda Tourism Committee, 1988. See also G. Drew (ed), Discovering Historic Burra, South Australia; Adelaide, Department of Mines and Energy, National Trust of South Australia (Burra Branch) and the Burra Mine Museum, 1989.
³ For example, the monograph, “Ranger and the environment - an update”, enclosed with the 1988 Annual Reports and Statement of Accounts of Energy Resources of Australia which operates the Ranger uranium mine. This was one of a series dealing with aspects of the operation of the Ranger mine.
⁴ Blainey is seen by many of the groups opposed to mining as a spokesperson for the industry. His speech at the Centenary Conference of The Australasian Institute of Mining and Metallurgy, Adelaide, April 1993, brought immediate criticism in the national press.
fields covered by Blainey, the Directors of Mount Morgan had never invited him to record its history. 8 This seems to imply that each of the works was what might be classified a commissioned history and as such does not delve too deeply into the detailed politics of the companies or the characters of the principal players.

What Blainey's works do provide, however, is an excellent overview of the similarities and differences in the management styles of the various mining companies which have operated in Australia. Unfortunately, while Blainey devotes fourteen pages of The Rush that Never Ended to Mount Morgan, these pages cover only the more glamorous period from the discovery in 1882 to the death of the Mount Morgan Gold Mining Company Limited's most famous duo - Walter Hall and William Knox D'Arcy. 9 The period being studied in this thesis, covering 31 years of the Company history ending in 1950, rates only single sentences in subsequent chapters, so it is not possible from these sources alone to establish parallels with other operations of the same period. 10

Scattered throughout the Blainey mining histories are the names and often biographical details of people involved at each of the operations. It is possible, either by references in the text to their previous or subsequent movements 11 or by readings of the history of each mine, to establish that a kind of Freemasonry existed within the mining community. Blainey’s histories and his biographical works 12 have clearly demonstrated that even

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8 In each of the books listed above, Blainey acknowledges the assistance given him by individual mines, either in financial terms (as in The Rush That Never Ended) or in suggesting a particular book be written (as in The Golden Mile).
11 For example that “K. A. Cameron, the present managing director of Mt Morgan was manager of the Comstock” in The Peaks of Lyell, p. 273.
MOUNT MORGAN

And Other Centres in Australia connected with Mount Morgan.

MAP ONE
in the days of difficult communication and travel within Australia and indeed across the world, there was considerable mobility among mining executives and engineers. This mobility created a network of experience, cooperation and technical support which worked to the advantage of the industry and in the case of Mount Morgan, proved to be invaluable in guaranteeing the early success of the Company.  

At the same time there is evidence of a stability within the industry in cases where senior staff spent most of their working lives at the one mine, mostly supported by, but occasionally resenting, the more mobile of their fellows. The above combined to produce an industry-wide ‘old boy’ network reinforced by individual membership of the industry professional organisation, The Australasian Institute of Mining and Metallurgy, itself seen by many as a club for senior executives. If there was any disadvantage obtaining from this ‘old boy’ network, it was the effect it had on the careers of ‘new boys’ attempting to establish themselves within the ‘inner circle’.

Many, but not all, mining companies have been described as being paternal in their attitudes to their employees in the provision of such diverse benefits as housing, medical and dental services and recreation facilities. For the most part, these were part of what Geoffrey Blainey calls “a brand of industrial relations” but sometimes as in the case of John Moffat’s provision of cottages at his first venture Tent Hill and his kindness to his employees it was for philanthropic reasons. Unlike the mines studied by

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13 This aspect is discussed in detail throughout the thesis but especially in chapter three.
16 An example of this will be discussed in chapter eight of this thesis.
Blainey, Mount Morgan was one of the few Australian mining operations located in congenial surroundings so, at least until 1946, the provision of the type of employee infrastructure desirable at more remote fields was not necessary. Nevertheless, while there was an element of paternalism in the Company's introduction in 1934 of an employees welfare scheme, this apparent generosity may have been a more carefully calculated ploy to ensure a continuation of its recovery from the financial problems of its first three years. Irrespective of the motives, it has been left to regional historians Lorna McDonald and John Kerr to describe the Mount Morgan welfare scheme.

The mining industry has always been dominated by individualists, whether it be the entrepreneurial type of W. S. Robinson, the management type of Sir Herbert Gepp or the fortunate type of William Knox D'Arcy. Historians like Blainey, Sir Lindesay Clarke and more recently Kennedy and Chaput have painted word pictures of many of these individuals who for better or worse were all powerful within the industry, but while Mount Morgan enjoyed its share of such characters they hardly rate a mention in these sources. The detailed history of Mount Morgan management and its individualists has remained largely to be written, most particularly for the period of this thesis, 1929 to 1950.

19 Lorna McDonald, Rockhampton, A History of City and District.
20 John Kerr, Mount Morgan, Gold, Copper and Oil, St Lucia, J. D. and R. S. Kerr, 1982.
21 W. S. Robinson is credited with involvement in most of the mining investments in Australia during the second to the fifth decades of this century - except in Mount Morgan Limited. The reasons for Robinson not being involved with Mount Morgan Limited are discussed in chapter two. See Robinson's memoirs by Geoffrey Blainey (ed), If I Remember Rightly.
22 As will be demonstrated in chapters two and three, Gepp played an important part in the revival of the Mount Morgan Mine during 1929-1933. See his biographical entry in Appendix B.
23 D'Arcy was one of the lucky four to be invited to join the Mount Morgan syndicate in 1882 and gained a fortune from his small investment of £500. Several historians including Blainey, McDonald and Kerr have fully detailed D'Arcy's good fortune.
24 Sir Lindesay Clarke, Built on Gold, Recollections of Western Mining, Melbourne, Hill of Content Publishing, 1983.
**IMPORTANT EVENTS IN THE HISTORY OF THE MOUNT MORGAN MINE.**

**OPERATED BY**

**YEAR**

1882

- William McKinley finds gold on Ironstone Mountain but fails to exploit his discovery.

1886

- The Morgan Brothers discover gold on Ironstone Mountain.

1890

- Formation of the Mount Morgan Gold Mining Company Limited.

1900

- Copper smelting commences.

1905

- D’Arcy discovers oil in the Persian Gulf.

1907

- Adam Boyd appointed General Superintendent of the Mine.

1910

- Adam Boyd appointed General Manager.

1913

- The Mine closes when workers refuse to accept a cut in wages.

1920

- Major strike, fire destroys the underground workings.

1921

- Qarker report - MMGMCo goes into liquidation.

1925

- Mount Morgan Limited formed.

1927

- Open Cut mining commences.

1929

- Boyd retires as General Manager.

1930

- MMGMCo in liquidation,

1932

- The Period covered by this thesis.

1935

- The new company continues to use the name Mount Morgan Limited.

1939

- World War Two

1945

- Death of Adam Boyd.

1948

- Keith Cameron appointed as Managing Director, Glenister Shell as General Manager.

1950

- Peko Wallsend Investments Ltd takes over the Mine.

1960

- First major retrenchments.

1968

- Open Cut closes.

1970

- Tailing Treatment Plant commences operation.

1980

- Mine closes, sale of all machinery and plant.

1981

- New owners take over leases - exploration resumes.

1982

- FIGURE ONE

RFB 15 April 1994
While main-stream historians have devoted little space to Mount Morgan, much has been written at a regional level, but most of the published material was written before or at the turn of the century when the Mine was still a ‘quarry of gold’.  Even this material was written with the permission of the Old Company so it is unlikely the description of working conditions, management styles and financial dealings is anything other than what the company wanted revealed. By contrast, the period 1927 to 1929, when the Old Company was in liquidation, has no coverage at all suggesting that there was no interest in a ‘mutilated mountain’. Again fostering the Company image, Mount Morgan Limited published several monographs, in order to bolster shareholder confidence that the operation was sound, to present at conferences organised by The Australasian Institute of Mining and Metallurgy, as guide books for visitors and to mark the 75th Anniversary of the discovery of gold. These and papers prepared for the Historical Society of Queensland by staff member and resident historian B. G. Patterson tell the same story and all of them tend to perpetuate company myths, particularly about management styles since 1929.

As the Mine approached its Centenary in 1982, two regional histories were published which brought together the whole story of the Mine for the hundred years of its existence. The first, by Lorna McDonald, is a study of the whole coastal area of Central Queensland, concentrating particularly on

26 McDonald, quoting A. B. Wilbraham’s description in 1887. McDonald, Rockhampton, A History of City and District, p. 305.
28 Lorna McDonald’s term in Rockhampton, A History of City and District, p. 321.
29 Booklets “For the Information of Shareholders”, 1932, 1939 and 1945.
32 McDonald, Rockhampton, a History of City and District.
Rockhampton and the effect the events in surrounding district had on the development of the city. As a major contributor to the growth of Rockhampton, McDonald’s story of the Mount Morgan Mine is dominated by the Syndicate characters, the golden events of the first 20 years, the influence of Mine management on the operation and the final inglorious years of the old Company. By contrast, the rebirth of the Mine in 1929 and the years to 1980 occupy only a small part of the Chapter and re-tell the Company version of its history.

What is of major importance in McDonald’s work is that she had access to the papers of R. M. Archer when he was Managing Director (1905-1915) of the Old Company; these provide authoritative information on the reasons for management and staff changes to the Old Company which took place after the death, in 1911, of Walter Hall. This information leads to questions here whether similar changes occurred to the Company after the death of Adam Boyd, but these proved more difficult to address because there were no ‘Archer type’ records available. Of equal importance are her comments on the reasons for the Old Company commissioning American mining expert E. E. Barker to advise on a proposal by its General Manager, Adam Boyd, to mine the orebody by the Open Cut method. McDonald’s statements that the Board appeared not to trust its competent staff and that it may have decided the Mine was no longer a "quarry of gold" initiated research in this thesis into the past history of the Open Cut, into differences

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33 Correctly so, because the work was commissioned by the Rockhampton City Council.
34 The Morgan Brothers, Walter and Tom Hall, Knox D’Arcy and William Pattison.
35 The early struggles to separate the gold from the rock, the enormous profits and the use to which the enormous dividends were put.
36 The metallurgical work of Wesley Hall and George Richard which guaranteed good recovery of gold and solid profits.
37 With details of the industrial troubles which effectively finished the Old Company.
38 McDonald devotes a further five pages (pp. 328-332) to details of life in the township of Mount Morgan.
39 McDonald, Rockhampton, A History of City and District, pp. 315-320.
40 McDonald, Rockhampton, A History of City and District, p. 321.
CENTRAL QUEENSLAND
Showing Major Centres around Mount Morgan.
MAP TWO
between the Barker proposal and Boyd's actual mining program, and an analysis of the economic conditions of the time.

The second significant regional history, Kerr's *Mount Morgan: Gold, Copper and Oil*, 41 a comprehensive volume dealing principally with the history of the Mine from its discovery to the period just before the start of the tailing retreatment plant in 1982 also provides interesting background to metalliferous mining in Central Queensland. Here again, because this work was commissioned as a factual history of the events which occurred throughout the life of the Mine, there are few details about the personalities of the place during the period of this study. Nevertheless, Kerr's book provided assistance in establishing the sequence of events which occurred during the 1929-1950 period and its references were invaluable in expanding on his material. Whereas in at least one instance, McDonald appears to have accepted facts recorded in the official Mount Morgan histories, Kerr has delved further and unearthed many of the true facts. 42 Kerr was writing a history of the Mine, was commissioned by the Company to do so and had access to Board minutes and letters of the period; McDonald did not have this same access nor was her history solely about Mount Morgan.

No commercial operation, no matter how well its corporate policies have been developed and implemented can exist or prosper in isolation, so it is not unexpected that changes in the fortunes of the Company during the period 1929 to 1950 closely parallel those of other Australian mining companies and indeed of industry Australia wide. Predominant in these external influences is the effect government decisions, both state and

41 Kerr, *Mount Morgan: Gold, Copper and Oil*.
42 For example that the Company needed £40,000, not £15,000 as generally indicated, to start operations and most of this money came from the public rush to buy shares. See Kerr, *Mount Morgan: Gold Copper and Oil*, pp. 187-189.
Commonwealth, had on the prosperity of the Mine over these 21 years; these policies varied from helpful, by providing life-saving financial assistance \(^{43}\) to obstructive in the implementation of war time controls and initiatives. \(^{44}\)

At state level, *The Mungana Affair* \(^{45}\) provided the background for the reasons behind the refusal of the Moore government to help the struggling Company during 1930-1932 and for the almost perfect industrial conditions under which the Company commenced operations.

While financial difficulties engendered by the depression almost destroyed the Company, it was also the depression which helped it to resume mining. It was the Commonwealth government's decision in 1931 to devalue the Australian pound against sterling \(^{46}\) which not only bolstered the foundering Western Australian gold mining industry, \(^{47}\) but provided the incentive which pushed the Company into profit. \(^{48}\) This thesis has investigated the popular legend that the resumption of mining at Mount Morgan in 1932 was somewhat of a miracle when circumstances prevailing during the previous 20 years are considered. The Old Company had suffered seven years of financial losses, \(^{49}\) there had been serious industrial troubles, a disastrous

\[^{43}\] A loan of £15,000 to the Company in 1932 for a program of test work on the treatment of ore. The circumstances leading up to this loan are discussed in chapter two and the effect the loan had on operations is discussed in chapter three of this thesis.

\[^{44}\] The effects on the Company's viability of the Commonwealth government decisions on supplies, manpower, finance and the drive for extra copper production are discussed in chapter seven.


\[^{46}\] The exchange rate was altered so that "the Australian pound vis-à-vis the pound sterling jumped from 1.00 to 1.25". G. Lindesay Clarke, *Built on Gold, Recollections of Western Mining*, p.2; by 1933, the price of gold had almost doubled to A£8. 10s. an ounce. Geoffrey Blainey, *The Rush That Never Ended*, p.309.


\[^{48}\] This argument is developed further in chapter two.

\[^{49}\] From its incorporation in November 1886 until 1920, the Old Company had paid dividends exceeding £9,174,164 on a capital of £1M; from 1921 until it went into liquidation in July 1927, losses amounted to £552,816. See figure three, chapter four, illustrating the dividends and losses of the Old Company over its life.
fire had destroyed the underground mine\(^{50}\) and the new company was launched in the middle of the great depression.\(^{51}\) It can be demonstrated that the financial and industrial woes of the Old Company were not peculiar to it, particularly in the copper industry, with all the North Queensland producers closing because of low post-war commodity prices,\(^{52}\) while the industrial demands of the workers put Australian mines at a disadvantage with their North American competitors.\(^{53}\)

While the published histories and other secondary sources provided background information to the period, it was the comprehensive collection of Company records held in the Central Queensland University’s Capricornia Collection which provided primary source material. These records, comprising an almost complete record of Board meetings, correspondence and reports, cover the whole of the Company operations from 1929 to the take-over by Peko Wallsend Investments Ltd.\(^{54}\) It is unfortunate that missing from the files are copies of the ‘confidential letters’ from the General Manager\(^{55}\) reporting on operations at the Mine and containing detailed reports on current and future plans for the Mine. If available, this correspondence may have provided answers to some of the questions relating to the relationship of the Board with General Managers and senior staff and may have proved or disproved, once and for all, many

\(^{50}\) According to Kerr, the Mine was closed for a year in 1921 because of the refusal of the workforce to accept a wage reduction. Kerr, *Mount Morgan: Gold Copper and Oil*, pp. 161-171. There had been a particularly violent dispute in September 1925 when workers seized the Mine. McDonald, *Rockhampton, A History of City and District*, pp. 318-320. See also Mount Morgan Gold Mining Company Limited, Notes re proceedings on Monday 21/9/1925 (Union delegates met with Mr Boyd for discussions on the fire and the strike). CAPCOL, Box D151309.

\(^{51}\) The difficulties encountered by the Company as it endeavoured to obtain capital to continue operations and the losses incurred because of a dramatic fall in the price of copper are discussed fully in chapter two.

\(^{52}\) K. H. Kennedy, *Readings in North Queensland Mining History*, Volume I, Townsville, JCU, 1980 discusses the economics of the copper industry in North Queensland especially in the section “In the Wake of Chillagoe”.

\(^{53}\) See *Report of the Royal Commission Appointed to Inquire into the Mining Industry of Queensland* [hereinafter called *Royal Commission*], Brisbane, Government Printer, 1930.

\(^{54}\) The take-over, which occurred in 1968, is well beyond the scope of this thesis.

\(^{55}\) These letters are referred to in Board Minutes as being discussed but are not detailed.
of the Mount Morgan myths.\textsuperscript{56}

The principal advantages which this thesis has over all the earlier publications is that it is an independent, rather than a Company commissioned work. In addition, it has been able to focus in greater depth on the events of a relatively short period in the life of the Mine. Because of its independence, it has been possible to make an in-depth study of the background, personality and behaviour of major characters dominating the period and of their influence on the 'Board room politics' behind the decisions affecting Company investment and staffing. These character studies have highlighted previously undisclosed shortcomings in the management capability of a number of the players,\textsuperscript{57} have questioned the effect a connection of one with national politics had on the early investment prospects of the Company,\textsuperscript{58} have asked whether maintenance of returns from individual Director's large investment interests worked against an increasing capital investment\textsuperscript{59} and have reinforced the argument put forward by Blainey that the 'old-boy' network played an important part in the success of the mining industry.\textsuperscript{60}

The author's long connection with the Company\textsuperscript{61} may have both advantaged and disadvantaged the study; advantaged because of an intimate knowledge of the Company records; disadvantaged because of

\textsuperscript{56} As discussed in chapters four, seven and eight of this thesis, were McAskill and Westcott eased out of the positions of General Manager? In chapter eight the question of why Glenister Sheil was not initially not considered for appointment to that position is also pertinent to the General Manager's.

\textsuperscript{57} Of Boyd as General Manager of Mount Morgan Developments Limited [chapter four] and as Chairman and Managing Director [chapter six]; of Campbell [chapter six] and of Morgan John [chapter eight].

\textsuperscript{58} Namely, Campbell's involvement with the New Guard during the period when the Company was desperately seeking finance to continue operations, see chapter two.

\textsuperscript{59} By way of issue of preference shares in 1938 instead of making an additional ordinary share issue. [chapter five].

\textsuperscript{60} Examples of the 'old-boy' network appear in almost every chapter of the thesis.

\textsuperscript{61} From 1948 to 1983, twenty eight years of which were as a senior member of the Engineering staff, including thirteen years as Chief Engineer.
long exposure to the ‘crib room’ myths relating to events and people of the period being studied. Detailed comparison of the records and these stories has proven the dangers of total reliance on oral histories, at the same time revealing inaccuracies in many of the statements published by the Company.

It is the intention of this thesis to argue that, even before the Company came into being in 1929, the place was dominated by the complex personality of Adam Alexander Boyd, that Boyd continued to be its principal character until his death in December 1948 and that he was supported, although also opposed by the flamboyant Eric Campbell. Paralleling these arguments will be the effect which Board room machinations and even preservation of the Director’s self interest had on investment decisions. By the time the concluding chapter has been reached, it will have been shown that the Mount Morgan Mine had risen from the despair of 1929 to become a sound investment in the 1930s, had survived the trying conditions of the war and emerged at the beginning of the sixth decade set for a change in management direction. In making these changes, it will also have been shown that the Company survived because of, and sometimes in spite of, the influence, not only of the great individualists, but of governments, workers and of other operating companies.

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62 Such as the reason for McAskill resigning from the position of General Manager after only two years in the position; this is discussed in chapter four. The suggestion Westcott left after a dispute with the Board; this is discussed in chapter eight.

63 So for example, chapter three statements to the 1932 AGM that the plant was in excellent condition when in fact it was in a deplorable state.
CHAPTER ONE:

THE END OF THE OLD COMPANY

THE BARKER REPORT.

Probably the most important event in the entire life of the Mount Morgan Mine was the decision of the Old Company to go into liquidation and the effect this decision had on the future operations of the mine. This Chapter will centre on the negative report by an American mining expert, E. E. Barker, into the feasibility of continuing operations, a report which the Board accepted and which effectively spelt the end of the Old Company. 1

Lorna McDonald comments that some of the errors of judgement made by the Board of the Mount Morgan Gold Mining Company Limited may have been result of:

   the Board's dependence on opinions of a variety of experts and lack of faith in its own General Managers. 2

She goes on to say:

   In the end it was not merely the combination of industrial troubles and low prices for metals which caused the closure of the Works, but an under-estimation of the mine itself and its capable staff headed by Adam Boyd. .... Directors accepted the opinion of an American expert, it seems because they believed Mount Morgan was no longer a quarry of gold, but only a mutilated mountain. 3

1 E. E. Barker, Report upon the advisability of operating the Mine of the Mount Morgan Gold Mining Company Limited by Open-cut Methods, (hereinafter called the Barker Report), Melbourne, The Mount Morgan Gold Mining Company Limited, 1927.
2 McDonald, Rockhampton, a History of City and District, p. 321.
3 McDonald, Rockhampton, a History of City and District, p. 321.
Barker was retained by the Old Company to report on a possible transition from underground to Open Cut mining, but it would be an error to consider Barker the villain whose incorrect assessment of the future economics of operating the mine as an Open Cut gave the Old Company the final excuse to go into liquidation. As we shall endeavour to show in this chapter, the outcome of Barker's report helped to ensure the later success of the operation!

Barker's brief was to study nine points, the answers to which would decide the Old Company's future. Barker was advised company records, comprising working plans and assay results prepared by well known Australian engineers, showed that the 7.7 M tons estimated to be contained in the Mount Morgan gold/copper ore body indisputably existed.

In order to understand what Barker had considered when he investigated the Mount Morgan Mine, it is necessary to define several mining terms, to give simple descriptions of underground and Open Cut mining and also to provide a short history of mining techniques at the Mine prior to the New Company. The terms which have most relevance in an economic study of any mining operation are ORE and WASTE. Professor Arthur F. Taggart, says:

A crude rock with a content of valuable mineral sufficient to warrant commercial exploitation is called ore.

4 Barker had been supported in his opinion of the future prospects of the mine by his Utah colleagues Louis. S. Gates and W. S. (Sprott) Boyd. Barker to Boyd, 2 May 1927, CAPCOL, Box M14/1251.17. For biographical entry on Barker, see Appendix B.

5 Contained in a letter dated 28 December 1926 from Chairman J. M. Niall. The letter was re-printed as the introduction to a copy of the Barker Report provided for the information of the shareholders, 31 May 1927.


7 The terms are defined in the technical glossary, Appendix A.
EDGAR EARL BARKER
1884-1948
Photograph from the *National Encyclopædia*, unreferenced, p.120.

ADAM ALEXANDER BOYD
1866-1948
Photograph from *Mount Morgan, Queensland*, March 1939.

PHOTOGRAPH ONE
As a corollary, rock which does not satisfy this test is waste.

In the business of mining, ore can become waste and waste become ore, sometimes overnight, depending upon the cost of removing the material from the ground, on the amount of mineral in the material, on the cost of treating to separate the mineral from the very much larger quantity of worthless stuff which carries it, and on the market price of the final product. Taggart made an interesting point about this interchange of ore and waste when in the 1951 edition of the same book he said:

More recently other politicians attempted to demonstrate that they could make as well as unmake gold ores. Their procedure was to raise the price of gold from [US] $20.67 per ounce to [US] $35.00 per ounce. The gold miners loved it, of course, because rock containing too little gold to mine at the standard price immediately became good ore. For the little while until prices of labour and supplies caught up with the debased dollar, their low grade rock remained ore. Now it no longer is, and the miners have joined all the savings-bank, savings-bond, and insurance-policy holders in the country in paying for the politicians' spree. 9

Underground mining means simply that - most of the work is done below the surface of the ground. In many cases the only indication to a person looking over the property fence that mining is going on is some sort of structure with which to haul men and materials into and out of the workings and the presence of treatment plant, workshops and offices. There are numbers of variations in the way in which underground mines operate, but Mount Morgan used one of the classic methods in which ore containing gold and copper was removed by excavating large underground chambers called ‘stopes’ mostly in material which could reasonably be expected to contain sufficient mineral to pay for its removal and treatment. While the excavations avoided material which had little or no value, it was usual to

leave un-mined pillars of ore, representing between ten and thirty percent of the ore body, to support the roofs of the stopes. This pillar ore was therefore unavailable for treatment. To prevent large stopes from collapsing, in addition to leaving the pillars, enormous amounts of heavy hardwood timber were used to build 'square sets' of timber to stabilise the rock roofs. As an additional safeguard, it was also common practice to 'back-fill' mined out stopes with low grade ore from the small Open Cut at the top of the mountain or during the period 1918 to 1925 with treatment plant residue or tailings, from which most of the gold and copper had been removed. In good solid rock, this method of extracting the ore was efficient in that it enabled the miners to remove only that material which was valuable, leaving behind the waste. It was also expensive in that apart from the air driven rock drills used to drill holes in the rock for blasting with high explosives, all operations were manual.

By contrast with underground techniques, an Open Cut is an excavation or quarry from which, in modern times, mechanical equipment is used to remove material either to be dumped as waste or for further treatment or use if valuable. The first recorded primitive mining was by trenching or Open Cut work and it really is not so long ago that smaller operations, such as Mount Morgan was in 1882 and again in 1932, had men loading the broken rock by hand into horse drawn drays or small hopper rail trucks for transport out of the cut. The important distinction between this type of mining and all kinds of underground mining is that all the work in an Open Cut is performed in the open, there normally are no complex systems of underground tunnels, underground crushing stations to reduce the ore to

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10 Brochure for the information of Shareholders, A History of Mount Morgan Mine and Description of its Geological Formations with plans showing Past and Present Workings and Ore Reserves, Sydney, MML, 1945, pp. 6-9, [hereinafter called the 1945 Brochure]. CAPCOL, Box D15/311.1.

manageable size, nor haulage shafts to raise the ore to the surface. When a mine is being worked by the open-cut method, the ore may already be exposed and it is then said to 'outcrop' in which case the miner has only to dig the ore, treat it and sell the product. The cost of removing such ore is comparatively low and a lower mineral content (or grade) can be treated economically. This is what happened in the early days of Mount Morgan when the ore outcropped at the top of the hill and was there for the taking.

The original operations of the Mount Morgan Syndicate, which started in 1882, followed no planned system because rich ore was everywhere at the mountain top and the workings consisted of a number of small quarries. In 1891, work started on mining underground as well as in the quarry, but again no definite system was adopted with the result that by 1896, the quarry reached the horizons of the underground mine. Of course in these early days the ore was so rich that the question of mining to a plan in order to win ore of an economic grade did not come into the calculations; all that mattered was how the already enormous profits could be increased.

As had happened at Mount Morgan, a mine may start with the ore outcropping, but if the orebody is of any size it is usually not long before the remaining ore is found to be covered by a cap of rock which may either contain no mineral at all or so little mineral that at the time it may not be economical to treat. This waste material still has to be removed to reach the ore and as it lies over the ore, it is generally referred to as OVERBURDEN.

The ideal condition for Open Cut mining would be an orebody of large horizontal extent with a thin overburden capping of uniform thickness. The

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12 E. E. Munn, Report on the economics and practicability of mining the section of the Mount Morgan Orebody which lies to the north-west and beyond the limits of the present open-cut, Unpublished report to MML, 1948, pp 4-5, [hereinafter called the Munn Report]. CAPCOL, Box D13/329.
MOUNT MORGAN GOLD MINING COMPANY LIMITED,  
SQUARE SET TIMBERS UNDERGROUND.  
Note the waste rock used to fill the stopes.  
Photograph from CAPCOL.  
PHOTOGRAPH TWO
FIGURE TWO
UNDERGROUND MINING COMPARED WITH OPEN CUT MINING.
Adapted from Plan Included in Mount Morgan Limited 1947 Annual Report.
A Diagram to Illustrate Terms Used in Mining.

large porphyry copper mine at Bingham Canyon in the United States, with
which Barker was familiar, is an excellent example of this type of operation.
When overburden is encountered, the cost of its removal becomes a charge
against the cost of removing ore, so that for a given grade of ore there is a
limit to the number of tons of overburden which may be economically
removed to uncover a ton of ore. Beyond this limit, Open Cut mining is no
longer profitable and depending on the grade of ore the mine may be
abandoned if the ore is of too low a grade $^{13}$ or may be converted to
underground working if the grade is high enough.

When the design of the Mount Morgan Open Cut was formalised in 1902,
an overall slope or batter of fifty two degrees from top to bottom was
adopted, allowing for twenty foot high benches and a batter of individual
faces between benches of sixty degrees. $^{14}$ Records and photographs
show this design was satisfactory, the batter was stable and was therefore
adopted by the Old Company as standard practice in all future Open Cut
layouts and estimates. $^{15}$ In his report on the economics of mining the
previously dismissed section of the mine lying to the north-west of the limits
of the [1948] Open Cut, consulting mining engineer H. E. Munn, recorded
that the cost of Open Cut mining prior to 1912 had been 2s. a ton and
shovel costs were less than 1s. a ton. He pointed out that under these
conditions an overburden to ore ratio of 7:1 could have been handled
economically. $^{16}$

The Mount Morgan mine provides a good example of economics dictating
changes in mining methods, after a campaign of diamond drilling in 1912

$^{14}$ Munn Report, p. 5.
$^{15}$ Mine plans and production records of the Mount Morgan Gold Mining Company Limited; full
plate and half plate photographs, CAPCOL. Munn Report, p. 5.
$^{16}$ Munn Report, p. 5.
discovered of a large sulphide copper/gold ore body lying below and to the north-west of the Open Cut. The Open Cut which had mined the gold rich oxidised ore was virtually abandoned for ore production and the total production came from underground workings. These workings had been subject to settlement and crushing of the rock, so mining costs continued to increase, eventually reaching 30s. a ton. While higher grade ores may have been able to support these high mining costs, but at greatly reduced profits, the cheaper Open Cut system of mining low grade ores was again reconsidered.

Towards the end of 1924, under Adam Boyd's direction, a plan was drawn up for an Open Cut which would permit the extraction of the major part of the remaining sulphide ore reserve by extending the Open Cut to the 950 foot level. Nothing was done with this report because the underground mine had been destroyed in the fire which had resulted from the seizure of the Works by militant unionists in September 1925. Finally, the flooding of the Mine to extinguish the fire, put an end to all ideas of continuing underground mining and, for the time being, of serious redevelopment of the Open Cut. While experimental work on the treatment of Open Cut ore proceeded throughout 1926, it was not until Barker was invited to investigate the Mine that this style of mining was reconsidered.

Barker was a competent mining engineer with over 20 years experience -

17 Munn Report, p. 5.
19 Munn Report, p. 5.
20 These incidents are fully reported by both McDonald, Rockhampton, A History of City and District, pp. 318-320 and Kerr, Mount Morgan: Gold Copper and Oil, pp. 176-179. The matter is also covered in notes made by Boyd on both the strike and the fire. CAPCOL, Box D15/309.
MOUNT MORGAN OPEN CUT BEFORE 1912.

Note the Whitaker steam shovel in foreground and the remains of square set timbers protruding from face above the shovel.

Photograph from CAPCOL.

PHOTOGRAPH THREE
but mostly in very large mining operations. The Utah Copper Company's Bingham Canyon mine was Barker's home ground and he would have been very familiar with the operations of that company's huge Open Cut copper mine located near Salt Lake City. This knowledge undoubtedly influenced his judgement when compiling his report on the Old Company. As an indication of its size, it is interesting to note that Bingham's 1960 output of 270,000 tons a day was about twenty times the daily Mount Morgan production.

Bingham operated under the best possible conditions of wide benches and shallow face height with consequently low overall angle of batter. Barker's report of 31 March 1927 appears to have been based on his own extensive experience of this and other similar well established American Open Cut operations rather than on a full understanding of the local situation. This knowledge of mines operating under ideal conditions may have clouded his judgement in assessing the alternatives proposed by Adam Boyd.

The most serious deviation towards these American practices was in his consideration of the angle at which the rock faces would stand without serious rock falls occurring. Barker's own mine had suffered a slide when several million tons of rock had fallen from its place in the wall of the cut and this fall had started from a geological line of weakness or 'fault line' at the top of the Open Cut. Although he reasoned that high banks would mean fewer benches, less moving of the mechanical shovels and greater percentage of actual working time for the shovels, Barker knew that similar fault lines existed in the Mount Morgan ore body and he would have been wary of similar dangerous slides occurring in a deep Open Cut such as was

22 See Barker's biographical entry in Appendix B of this thesis.
24 Lewis, Elements of Mining, p. 244.
A ROCK FALL FROM A SLIDE, MOUNT MORGAN.

Note the smoke coming from the face. This smoke was from the remnants of the 1925 underground fire.
The Rapier shovel shown was badly damaged by the fall of rock.

Photograph from CAPCOL.

PHOTOGRAPH FOUR
planned for exploiting the Mount Morgan orebody. This knowledge influenced his approach to the design of the Open Cut.

The rock faces of the existing Mount Morgan Open Cut had remained stable at an angle of fifty two degrees to the horizontal for many years, yet Barker, who had said "the ground is as hard as anything I have seen, much harder than any shovel operation known to me", designed his batter some twelve degrees flatter than already existed in Mount Morgan. The result was an enormous increase in the amount of overburden which had to be removed to free the ore. Consequently, the scheme Barker put to the Board and his estimates of the quantities of waste rock to be removed in order to recover the gold/copper ore, although professionally sound were over-cautious. One result of this technically over-cautious approach was to commit the project to the extravagant capital expenditure of £500,000 to equip the mine and to an excessive cost for waste rock removal. Much of the equipment cost was to be for seven large electric shovels of the type used successfully at Bingham.

The complex geology of Mount Morgan made the technique of mining it different from that adopted at the large porphyries of Utah and Arizona where mineralisation was evenly dispersed through the orebody. The Mount Morgan orebody had bands of material which was different to the ore and known as 'dykes' intruding through it in many places, in many directions and of varying widths. Most of these dykes contained no mineral and so had to be mined separately from the ore around them and

25 Mine record books and photographs held in CAPCOL along with reports held in the Rockhampton office of the Department of Minerals and Energy record significant slides did occur in the Mount Morgan Open Cut during the period 1932-1981. See also photograph four in this chapter.
27 Barker Report, p. 10.
dumped when convenient. The large shovels at Bingham could work their way continuously along a working face, stopping only for blasting. At Mount Morgan it was later proved that shovels needed to be extremely mobile, and therefore of relatively small capacity since quick movement over considerable distances was required to selectively mine ore of correct grade for treatment. 29 Barker was well aware of the existence of these dyke intrusions which he had assumed would be mined and treated with the ore when he had allowed 2.5% dilution by this waste material. 30 He obviously had never considered discarding this material, nor selective mining of the ore.

In addition to the technical considerations of the stability of the rock and the capital cost of the project, Barker expressed doubts about future conditions over which the mine would have little control and which he saw would affect the success of his plan. The most important point raised by Barker's Report was that, for the plan to succeed, the labour position would need to be stable. 31 Only fifteen months before Barker was commissioned to make his study, the mine had been under siege from the workers. Militant unionists had disbelieved the Company when it claimed there had been a loss of over half a million pounds from mining during the preceding four years and insisted on maintaining their working conditions and wages. 32 During their action, the underground mine had been destroyed by fire and the Company was losing even more money but as Barker noted, labour was asking for a reduced working year from 265 days to 239. This short working year was not peculiar to Mount Morgan at that time and Barker had support for his

30 This was 96,870 tons, Barker Report, p. 11.
32 The Old Company’s profits and losses from 1882 to 1927 are demonstrated in figure three, chapter four of this thesis.
opinion about current labour conditions from two areas, firstly from Chairman J. M. Niall at the Extraordinary Meeting of the Shareholders on 29 July 1927 held to consider his report and three years later from the Royal Commission, 1930 - of which Adam Boyd was a member.  

After pointing out that big industries had no control over the sale price of their products and had no alternative but to accept the prevailing industrial conditions which had made Australia's standard of living better than anywhere else in the world, Niall continued:

A combination of short hours, high wages and superior working conditions such as has been thought wise to concede in Australia have made profitable production of copper impossible at Mount Morgan with prices that have been reeling on the world markets. There is no assurance that working costs will not be further increased.

The Royal Commission was critical of the number of statutory holidays enjoyed by workers in Queensland. Comparing working times with those in other countries, the Commission noted Australia's metalliferous mining competitors in the North American continent operated their mines and treatment plants between 360 to 365 days a year giving them the advantage of working 100 additional days a year without the need to pay the overtime rates prevailing in Queensland. No wonder Barker saw problems of working the mine economically.

In commenting on capital expenditure required to equip Queensland mines, the Commission report continued:

In order to achieve the same annual output in Queensland as in these

34 Extraordinary Meeting, Mount Morgan Gold Mining Company Limited, July 1927, Melbourne. [hereinafter called "The Extraordinary Meeting, 1927"]; A copy of the minutes of this meeting is in ML.
competing countries, large milling and smelting plants would be necessary owing to the shorter number of operating days, consequently approximately one third greater capital expenditure and a greater number of employees are required in this State.  

At the time of Barker's study, the price of copper was £60 a ton and Barker remarked the price should not fall below this if the estimates he had prepared were to be valid.  

Although the price rose to £84. 10s. in 1929, it quickly fell until, in 1931, it had reached a low of £28. Barker estimated it would take about two years to complete the capital and development work necessary to commence production of blister copper from ore won from the Open Cut. Because of the high risk involved, he thought the Board should consider it necessary to expect a return of 10% a year on the £1M it would take to equip the mine and treatment plants for this new method of operation. Barker made no allowance for this additional cost to the operation, only pointing out that the need to allow it existed.

While Barker does not answer question eight of his brief which was "What do you recommend as the economic minimum quantity of ore to be handled daily from the Open Cut?", his recommendation of a 2,000 ton a day throughput for the operation may have been based on the capacity of one electric shovel when mining ore. Although Barker had not estimated the actual costs which would result from this shorter working year, the Commission calculated that to pay for working the mine and plant on the 12 statutory holidays to which the men were entitled would have cost the Old Company an additional £9,475 a year for overtime. Even worse, if

36 Royal Commission, p. 25.
37 Barker Report, p. 15.
40 Barker Report, p. 15.
41 J. M. Niall to Barker 28 December 1926, Barker Report, CAPCOL
BINGHAM CANYON OPEN PIT 1959.
The operating area at this time was 1042 acres. The vertical distance from the bottom level to the top level was 2,260 feet.
Photograph from *The Utah Copper Story*, Salt Lake City, KCC, 1959.

MOUNT MORGAN OPEN CUT 1962
The operating area at this time was 75 acres. The vertical distance from the bottom level to the top level was 850 feet.
Photograph from cover Mount Morgan Limited Annual Report 1962.

PHOTOGRAPH FIVE
productive operations were to be carried out on Saturdays, the overtime cost would be £54,019 per year and to run the plant 365 days a year would be £113,663. Barker was right in his assumption that production might deteriorate after 1927 if the Queensland Labor government honoured its policies to improve the wages of workers.

In all his calculations, Barker seems to have assumed that the concentration of ore would be by the same processes as had been used by the Old Company until 1925. Either he was not aware of or was too cautious to mention that while the metallurgical techniques then in use would allow the value of minerals in the ore to be concentrated satisfactorily for smelting, development work then being done overseas on flotation reagents could result in this concentration ratio being greatly improved with great advantage to the smelting process. Boyd had told the Board in his June 1927 Annual Report that tests, using a new reagent called Potassium Xanthate for the selective flotation of the ore, had commenced in the concentrator on 8 August 1926. These tests would certainly have continued during Barker's visit to the Mine so it is curious he had made no reference to it. While much work remained to be done, the principle of selective flotation then being tested was that used when the Mine resumed operation in 1932, although with slightly different reagents. Overall, while these improvements would not have affected the design of the Open Cut, they would have affected the portion of Barker's capital expenditure estimate for re-equipping the treatment plants and his estimate of the operating costs of these plants.

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44 AR, MMGMCo, 1927, pp. 8-9, CAPCOL.
The Company was fortunate that it had always had an overlapping of Board members and senior staff to provide a continuous line of experience in the operation and knowledge of the Mine. It was Adam Boyd's knowledge of the potential of the Mine from his years as General Manager of the Old Company which strengthened his determination to keep the struggling Company going from 1929 to 1932 while it tried in a world depression to raise capital to begin mining. It was his planning which set the program of development throughout the 1930s on which the Company prospered. Adam Boyd had prepared plans and calculations for a small Open Cut - plans and specifications which the Directors had not cared to consider. However, Barker rejected as impractical the suggestion put forward by Boyd that he could start the Open Cut with less equipment and remove less overburden than that called for in the Barker plan. Assuming the grade of ore had been higher and Barker's report had recommended the Open Cut proceed as he had designed it, the delay of two years he had considered necessary to construct the new plant and to re-equip the Mine would have put the start of this new operation right at the beginning of the depression with the price of copper above his estimate but soon to fall by sixty percent. Under these conditions, the result could have been disastrous but had it survived its first year or two, it may, like the gold mines of Kalgoorlie, been saved by the rise in the price of gold brought about by the devaluation of the Australian pound in 1931.

What would have been the alternative if Boyd's plan had been accepted by the Board? Probably the same result, because although the next five years

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46 Until September 1985 when the chain was broken by the retirement of the Metallurgical Superintendent, an employee for 32 years.
47 Historical data from a History of the Mount Morgan Mine much of which had been prepared by B. G. Patterson who was associated with the Mine from 1904 until his death in 1955. This information is from MML to Hector Crawford Productions Pty Ltd, 13 August 1959, letter J4551, RFBCOL.
AN ELECTRIC SHOVEL AT BINGHAM CANYON.
Loading 16 tons a bite into 90 ton rail wagons - 1959.

A MOUNT MORGAN 'STEAMIE'.
A three-quarter cubic yard steam shovel, used until 1948.

Photographs from The Utah Copper Story, 1958 and from RFBCOL.

PHOTOGRAPH SIX
were to be the hardest in his life, Boyd was fortunate the Directors would not consider his smaller plan. He could have continued mining the Open Cut as he had done since the mine fire and would perhaps have enjoyed the few good years of higher copper prices, but he would have had to contend with the same industrial awards and conditions which had brought the Old Company to its knees. He would have had to support the large company infrastructure, costing according to the estimates he had supplied Barker, £22,000 a year for Mount Morgan general costs and another £20,000 a year for "outside costs", of which £7,000 went to pay Director's fees and support head office and London office costs. These costs would have been difficult to eliminate; he would have had to contend with a Board of Directors which represented long entrenched investors like the Hall family who had been used to interfering with the detailed operation of the mine since the days of the 'Syndicate'. Had all these disadvantages remained in place, the mine may still have closed and may not have opened again until the price of copper and gold rose.

Despite the fact that while the Mine had been subsidised by the Queensland tax-payers since 1921, the Old Company had built up a share and investment portfolio of £628,814 outside Queensland. Some of this investment could have been used to fund part of the high re-equipping costs. However, after seven years without a dividend the Board, faced with Barker's estimated loss situation, was unwilling to outlay the extra capital. An additional disincentive was that investors were aware from the 1927 Annual Report that the asset backing from investments and liquid assets alone was twelve shillings and seven pence a share. With a current share

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50 Barker Report, p. 15.
51 Annual Meeting, MMGMCo, July 1927, p. 16. CAPCOL
52 It will be demonstrated in succeeding chapters that, as a Director of Mount Morgan Limited, Boyd followed the same pattern of interfering in the various General Manager's activities.
53 Extraordinary Meeting, 1927, ML.
price of eight shillings, investors were certain of a return on their investment in liquidation compared with the uncertainty of investing in this new venture. Their optimism was justified because although the share price had risen to thirteen shillings by the time the final distribution was made in 1931, they received £1. 3s. 10.5d. a share. 54

One fact which raises some questions is that the dividends on investments produced an income of £102,552 which was used in 1927 to offset in part the losses at the mine. 55 Why did the Company not consider selling up the mine and becoming an investment company from which dividends of about 10% appear to have been possible. One explanation may have been that tax would have been payable on this income 56 but as the Royal Commission noted, the Company had paid about £22,000 a year in taxes in its last days 57 so presumably at least part of this was tax on the investment dividends.

A meeting in Melbourne, far from the Mine made the decision to close. To all intents and purposes that was expected to be the end of the story. Barker's report provided the force which led to the final collapse of the Old Company, but cracks had started in the structure long before he was called in - the rapidly changing working conditions and the militancy of the workers had weakened the industrial cladding, the lower prices paid for the product had shaken the income framework and the need to subsidise the mounting losses of the Mine from other sources had undermined investor confidence.

While the end came as the result of the Board's assessment of Barker's

54 Kerr, Mount Morgan Gold Copper and Oil, p. 183.
55 AR, Mount Morgan Gold Mining Company Limited, 1927, p. 17.
56 The Old Company's income from gold had been tax exempt, Inquiry Into The Taxation of Gold Mining, Canberra, Australian Government Publishing Service, 1986, Section 8.1.2, p. 84. A copy of pp. 84-91 of this document and a bibliography were provided to the author by Peter Crowley, AMIC, Canberra, 23 November 1992.
57 Royal Commission, p.60.
report, so wrong because of his reluctance or inability to adapt his extensive mining experience to the entirely different conditions he should have seen existed at Mount Morgan, Lorna McDonald was right when she said that the Directors believed Mount Morgan was no longer a quarry of gold, but only a mutilated mountain. Finally, it appears that the shareholders were happy to take their capital gain and run.
CHAPTER TWO

THE START OF THE NEW COMPANY
1928-1932

And, but for one man, that would have been the end of the Mount Morgan Mine. That one man was Adam Alexander Boyd.¹

Any study of the transition from the Old Company to the new Company must include the men who were to have the greatest influence on the place since the days of W. K. D'Arcy and Walter Hall. Several of these men were newcomers to the Mount Morgan story, a number had associations of up to twenty five years but the principal and most important of the characters, Adam Boyd with sixteen years service behind him, appears in almost every piece of written material covering the twenty-one years of this study. As the chapters develop, we will show that during this period Boyd had a more continuous influence on Mount Morgan Limited than any other person.

In 1927, Barker had condemned the Mine to a loss of over 1s. 8d. for every ton of ore mined, and while no details of the proposals put to the Board by Adam Boyd survive, we do have complete records of the actual way in which the Company mined the orebody and these records provide an interesting comparison between the professional styles of Barker and Boyd. Even those unfamiliar with mining must be struck by the significant

¹ Just before his death in October 1955, B. G. Patterson prepared notes to be used for the preparation of the 75th Anniversary History of the Mine. These words appear in those notes and in edited form in the Story of the Mount Morgan Mine, 1882-1957. Patterson's notes are held in RFBCOL.
differences between Barker's theories and Boyd's practice and these differences raise questions, not so much about the apparent errors of judgement and the omissions from Barker's report, but how much detail the Board provided to Barker of Boyd's alternative mining plan. Did the Board really want a positive recommendation from Barker or had it already decided that mining would cease? If the latter was the case, did the Board give Barker the full proposal put forward by Boyd? Had Boyd's plan, submitted to the Board, included the possibility of restoring, at reasonable cost, the main haulage shaft which had been damaged in the 1925 fire, thus having it available to haul ore to the surface from the levels previously established in the underground mine? If Barker was told the whole plan, why did he ignore these recommendations in his design?

Were Boyd's plans put to the Board and to Barker identical to the one which he later put into practice? At the July 1927 Extraordinary Meeting of the Old Company, Niall referred to only two points in his reference to Boyd's plan, one of which was that Boyd considered the Open Cut could be worked with steeper face angles than the conservative 45 degrees proposed by Barker, therefore requiring less overburden to be removed and making it possible to achieve cheaper mining costs than those estimated by Barker. The approach Boyd took when mining resumed, was to set up benches which averaged 100 feet in height, coinciding with the old levels in the underground mine. He also adopted the final slope of 52 degrees first used in the 1902 Open Cut and this design, with a few minor variations, remained the basic design until the Cut closed in 1981. It is inconceivable that Boyd would later have followed a plan very much different to one he

2 The second point was that better recoveries of metal could be achieved in the treatment plant as a result of the testing of selective flotation which had commenced in 1926 than had been possible in the old Concentrating Plant. Extraordinary Meeting 1927, ML.
proposed to Niall's Board although Boyd's capital estimates as far back as 1926 were about the same as Barker's. The only difference between Boyd's earlier plans and his actual method of operation may have been in the size of the operation. Finally, having made his best professional recommendation, but having sensed the Board was looking for an excuse to close, irrespective of what he said, was Boyd actually looking at and planning towards the possibility of owning the mine himself?

There is no doubt that someone at some time, realising the worth of the ore reserves, and given better prices for gold and copper than Barker had used in his analysis, would have re-opened the Mine. In the immediate future, with only Mt Lyell still producing copper 4 and with operations like Mount Isa Mines struggling to stay in business, 5 there was no possibility of anyone taking the risk of losing everything by investing in a derelict mine. No one, that is, except an "obstinate, obdurate and courageous" 6 old Scotsman who had faith in his own knowledge of the Mine and faith in his own judgement as one of Australia's most respected mining engineers.

In the folk-lore of Mount Morgan, and in all the histories, articles and newspaper clippings researched, Adam Boyd is described, if not in the exact words, as "the man who saved the Mine", 7 and while there were others whose hard work and dedication helped in the task of reopening the

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4 Niall said the commercial and industrial conditions of the time were not peculiar to Mount Morgan and all the copper producing companies in Australia had closed except for Mt Lyell, Extraordinary Meeting of 29 July 1927, ML.
5 In 1927, Mount Isa had not yet discovered copper. Geoffrey Blainey devotes over half of Mines in the Spinifex, to the story of the economic struggle at Mount Isa from 1923 until it made a profit in 1944. Blainey, Mines in the Spinifex, pp. 65-191.
6 Part of a tribute by Boyd's fellow Director, W. J. O'Sullivan at the Board meeting which followed Boyd's death on 16 December. BM, December 1948. CAPCOL, Box D15/388.
7 As an example of this description, I. W. Morley says "he [Boyd] is remembered as the saviour of Mount Morgan", Monograph, R. L. Whitmore (ed.), Eminent Queensland Engineers, Brisbane, The IEAust., Queensland Division, 1984, p. 11.
MINE, it was Boyd's determination and his Mount Morgan experience, firstly as General Superintendent and then General Manager which ensured the success of the new operation. Indeed it was Adam Boyd's knowledge of the potential of the Mine from his years as General Manager of the Old Company which convinced him to invest his own money to form a Company to re-open the mine. This determination and the fact that he was prepared to put his own money into the venture strengthened his resolve to keep the struggling Company operating while Directors tried, in a world depression, to raise additional capital in order to begin mining. Further, it was his technical planning which, throughout the 1930s, set the program of development on which the Company prospered. In chapter six, it will become obvious however, that his knowledge and strength of character had the effect of inhibiting the management styles of the General Managers who followed him.

Niall was correct when he told the shareholders at the 1927 Extraordinary Meeting that the town of Mount Morgan was almost totally dependent on the Mine. Once the decision to close had been taken, although some employees stayed on to smelt the last of the concentrate produced by the experimental flotation process and to clean up any remaining copper precipitates, the majority of the townspeople realised that "the years of uncertainty that had lasted since the end of the war were over." 8 Despite this realisation, most believed the Mine would soon re-open not understanding, or perhaps unwilling to understand, that the process of liquidation had removed their old employer from the picture and that a new player would have to take the stage if they were ever to see the Mine back in production. The fact was that a large part of the blame for the situation in which they now found themselves was due to the industrial troubles of

8 Grabbs, Gold, Black Gold and Intrigue, p. 132.
1921 and 1925, troubles in which they had played a part. Nevertheless many believed they “had been finally outmanoeuvred and outgunned by an establishment that could afford to wait”. There were some grounds for hope of a re-opening, because in a tightly knit organisation such as the Mine had been, the knowledge that large reserves of ore remained, that the new treatment processes had worked well and that Adam Boyd had put forward an alternative mining program would have been common talk among the miners who were familiar with the day-to-day workings of the place. But hope could not put food on the table and now that everyone had been sent "down the hill", those who could, moved away to find work in such widely separated places as Mount Isa, Pt Kembla, Mackay and Rockhampton. Those who could not move stayed and somehow survived on the dole.

What motivated Adam Boyd to take on the daunting task of forming a new Company from the ruins of the old when he was approaching 64 years of age may never be known. It should not have been his need for money because as General Manager of the Mount Morgan Gold Mining Company Limited from 1916 to 1927 his salary and other perquisites normally paid to senior executives in the mining industry should have left him comparatively well off. Grabbs suggests that after the Open Cut was re-opened in 1932, Boyd’s faith in its rebirth was vindicated, and his good

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9 Grabbs, Gold, Black Gold and Intrigue, p. 132.
10 The Mount Morgan term "down the hill", used around the Mine to indicate one had been sacked, was literally true. With the Mine the only major employer, to lose your job at the Mount left no alternative but to book a seat on the next train out of town and ‘down the hill’ [ the Razorback range] to look for another job.
11 Adam Boyd was born on 15 April 1866, so he was just over 63 when Mount Morgan Limited was launched. For his biographical entry see Appendix B.
13 No salary records of the Old Company could be found to provide information on Boyd’s salary and the report of the Liquidators in 1929 says that work was proceeding at Head Office to destroy records. CAPCOL.
name was restored. While the first part of the statement is true, there is no evidence to suggest that anyone other than people like Cyril Grabbs, whose families had been badly hurt by the closure, blamed Boyd for the event.  

On the other hand, an examination of numerous biographies reveals very clearly that, until the early 1960s many senior executives retired from active involvement in the mining industry at an age when they were no longer physically able to work rather than because of any statutory retiring age. Adam Boyd's career fitted this pattern very well but what made his acceptance of this challenge different to the activity of other long time executives in the industry was that during the three years leading up to a resumption of mining, his involvement was very much a "hands-on", round-the-clock affair. Moreover, it is likely his acceptance of the challenge of restarting the Mount Morgan mine was simply the result of his need to continue to work; if it had not been Mount Morgan which claimed his energies, it would have been his involvement with something else. As much as the need to work, it is likely his stubborn Scottish nature would not allow his faith in Mount Morgan to be proved wrong by those who did not understand the mine well enough.

Whatever his reasons were for taking on the task, Boyd was the right man for the job; he was a highly respected mining engineer whose career in  

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14 It is easy to understand why Grabb's whole description of the circumstances of the shut-down tends to take the side of the workers; his father died of phthisis, he along with the rest of those who stayed in the Mount, suffered the effects of the closure and he is probably reflecting the opinion of others that Boyd had been to blame for the whole trouble. Grabbs, Gold, Black Gold and Intrigue, ch 17.

15 In 1961, the Companies Act was changed to require Directors who were over 70 years of age to be elected by 75% of the shareholders. This requirement often meant the removal of older directors from the Boards of companies. See AR 1962 and AGM, 28 November 1962 for references to the amendments to the Company's Act. RFBCOL.

16 Examples are J. Malcolm Newman, Chairman of Directors of MML until he was 82 years old, Bill
Australia had already spanned 40 years \(^{17}\) and as will be shown, his friendship with senior people in the mining industry proved invaluable when the Company needed technical help both during its period of testing the new treatment process and when mining started. We may never know the answers to most of these questions, but we may be able, from a consideration of the events which occurred between the decision in 1927 by the Old Company to close and the sale of the Mine in 1929 to Mount Morgan Limited, to determine whether Boyd had ambitions to own the Mine. There seems to be a degree of forward planning by Boyd towards the future with the Mine under his control, even while employed by the Old Company (in liquidation). The fire in the underground workings, which started during the industrial troubles in September 1925, had been quenched by flooding the Mine, but during late 1925 and early 1926 additional water had been applied to the then floor of the open cut in order to reduce the heat in ore in the vicinity of the fire. \(^{18}\) The pregnant liquors resulting from this water leaching minerals from the old workings were pumped to existing precipitation vats in the Linda Yard, until experimental mining from the Open Cut commenced in May 1926, when precipitation was discontinued. There does not seem to have been any advantage to the liquidators in resuming this in-situ leaching of copper but in June 1928, the operation was resumed \(^{19}\) perhaps to produce some small income to offset the wages of the men employed to hold the leases under the Mining Act. \(^{20}\) On the other hand, from Boyd's point of view, the experience gained and the data gathered about the recovery of copper by this method would have been invaluable, especially when the experience was gained at no

\(^{17}\) See Boyd's biographical entry in Appendix B.

\(^{18}\) Boyle, White and Wilson, "Mount Morgan, Queensland, Marvellous Mountain", pp. 332-333.

\(^{19}\) Boyd, Report to the Vendors, 29 June 1929, included in the Prospectus issued on 15 July 1929. CAPCOL, Box M14/1293.12.

\(^{20}\) The Prospectus listed an amount of £5,000 as being for "the acquisition of copper precipitates on hand and machinery already sold". CAPCOL, Box M14/1293.12.
cost to the proposed new Company. As will be shown, while Boyd used these techniques and indeed these vats throughout 1930, 1931 and early 1932 as its only source of revenue, the Company never did achieve the estimated annual profit of £27,518 suggested in the prospectus report.

There is no doubt that Boyd's decision to accept the Queensland Government's invitation of 7 March 1929 to be a member of the Royal Commission appointed to inquire into the mining industry in Queensland was made, not only with the good of the industry in mind, but also to take the opportunity to visit the United States of America and Canada as part of the Commission's study, at little cost to the Company. 21 At the time he was absent from Australia the floating of the Company was in its final stages and operations were about to start under the new management. 22 Boyd no doubt weighed up the advantage of being able to see new operations overseas against the disadvantages of losing contact with the Mine at this critical time. When in 1924 he had proposed to the Old Company that the mine be converted back to open cut operation it was not Boyd who was sent to North America to study the latest mining techniques there but James Horsburgh, his Assistant General Manager. 23 Boyd's visit to big operations, many of which were large open cut mines and most using the latest treatment plants, therefore was a valuable personal fact finding tour for him. 24 Although he commented that the performance of Australian

21 In paragraph 6, page 8 of the report of the Royal Commission, it is clearly indicated in that "Prior to the appointment of the Commission " a decision was made for one of the Commissioners to attend the International Geological Congress in South Africa". Paragraph 7 then says "The Chief Secretary suggested that during this period Mr A. A. Boyd should visit some of the important mining regions in America". This clearly indicates that he was aware of the proposed trip to America at the time he accepted the appointment. Royal Commission, Appendix A, p. 95.
22 Boyd left Sydney on 25 June 1929 and arrived back in Australia on 12 October 1929. Royal Commission, Appendix A, p. 95.
24 Boyd wrote to Thompson from Washington, 25 August 1929, describing some of the leaching operations he had seen. Boyd to Thompson, 25 August 1929. CAPCOL, Box M14/1251.17.
companies and staff was equal to anything he had seen on the tour, he no doubt gathered facts which he would have used to advantage. There is also no doubt that Boyd's professional integrity ensured the maximum effort went into his work for the Commission, but the advantages of the visit which would have flowed on to the Company must have been enormous even if only to reassure him that he was indeed on the right track.

Boyd, assisted by a committee of Mount Morgan townsfolk attempted to promote the idea of a group to purchase the Mine, but despite the fact that Rockhampton had benefited so much from the success of the Old Company and had no doubt suffered a significant loss of business by the cessation of operations, only one business man whose son-in-law had been a mining engineer with the Old Company was prepared to support Boyd. Finally, in early 1929, Boyd, with a syndicate of three others successfully negotiated an option to purchase the Queensland properties of the Old Company. This was the second attempt by the Syndicate to purchase the property and it had been intended to take over the operation on 30 June 1928, however the price asked for the Mine was £125,000 to £140,000 and this appears to have been beyond the means of the proposed Company. Having succeeded in negotiating the asking price

25. The Mount Morgan business community continued to support Boyd's efforts as evidenced by letters of 25 September 1930 and 25 September 1932, written by hardware store owner Tom Chenery as Secretary of the Mount Morgan Co-operative Mining Committee. CAPCOL, Box M14/1251.17. See also Boyd to Thompson, 10 August and 13 August 1931 and Thompson to Boyd, 10 August 1931. CAPCOL, Box M14/1251.9.


27. Since no list of shareholders at this time has yet been discovered, there is no evidence to dispute the statement by Kerr, Mount Morgan: Gold, Copper and Oil, p. 185 that "the vendors [were] principally Kessell, Campbell, Boyd and R. T. Thompson." Eric Campbell, Solicitor, Sydney; J. H. Kessell, Grazier, Gladstone and Brisbane, R. T. Thompson, Manager, Sydney, N. S. W.; G. A. Crawford, Metal Merchant, Sydney and The Hon. T. G. Murray, M. L. C. Sydney N.S.W. are listed as Directors of the proposed Company, Prospectus of Mount Morgan Limited, Sydney, MML, 15 July 1929. CAPCOL, Box M14/1293.12.

28 In papers prepared by the Company for an Industrial Court hearing in 1947, there are references to an attempt to "take over the Queensland assets [of the Mount Morgan Gold Mining Company Limited] as from June 30, 1928". The source of these comments is a series of articles (unreferenced) from the Wildcat Column of Smiths Weekly, published by The Bulletin Newspaper Co.
down to £70,000 the formation of the Company proceeded with the issue of the prospectus on 15 July 1929.

The issue was partly underwritten by Discount and Finance Ltd, of which Eric Campbell, one of the Syndicate and a partner in the legal firm of Campbell, Campbell and Campbell was a Director. In later chapters it will be shown how, within four years, Campbell was to become an important figure in the management of the Company as its Chairman and still later would cause the Company extreme embarrassment. At the time the Company was floated, Campbell's involvement in public affairs appears only to have been as a long-time member of the Citizen Military Forces, in his various social clubs and as a Freemason. Campbell's public profile was set to change dramatically at the end of 1930 just after the Lang Labor government had been elected in New South Wales, when he was invited to join an organisation which came to be known as the 'Old Guard' and when, within months, he formed the para-military group, the New Guard.

The issue could not be said to have been successful, because only 70,000 of the 90,000 shares were taken up by the public and the entire money

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29 The final agreement took place in exchanges of letters between Eric Campbell and the Liquidators on 3 July, 5 July and 8 July 1929. These letters are listed in the Prospectus. The price of £70,000 is confirmed in an extract from The Wild Cat Monthly, 1 November 1930. CAPCOL, Box S 26. See also CAPCOL, Boxes M14/1298.7 and D15/279.2.

30 John Kerr says that "70,000 [shares] underwritten by Campbell's firm Discount and Finance Limited," Kerr, Mount Morgan, Gold, Copper and Oil, p. 185. The Prospectus says "40,000 of the [shares] have been underwritten". It may be that a shortfall in sale of shares required Campbell to take up the extra shares to a total of 70,000.

31 Andrew Moore has suggested Eric Campbell had previously been involved in a similar organisation known as the "White Guard". It is also suggested this organisation was the basis for D. H. Lawrence's novel Kangaroo. D. H. Lawrence, Kangaroo, London, Martin Secker, 1923. These suggestions are made in Andrew Moore, The Secret Army and the Premier - Conservative Paramilitary Organisations in New South Wales 1930-1932, Kensington, NSWUP, 1989, chapter one: Old Fears: The Background. The connection of Campbell with Kangaroo is further mentioned in an article "Lawrence of Australia", a review of Kangaroo by Pierre Ryckmans in The Weekend Australian, Number 9248, May 1-15 1994, pp. Review 1 and 4. The article is referenced as a reprint from The New York Review of Books. Ryckmans says the organisation by Campbell of "a private militia on a pattern that was reminiscent of the one Lawrence had described [in Kangaroo] - thus retrospectively providing Kangaroo with eerie powers of prophecy. Yet, at the time, no one ever attempted to probe into the background of these events and unravel their real connections".
raised was used to take up the option on the Mine. The result of this failure was that the Company really did not have any working capital to adequately develop the process of precipitating copper from water pumped from the Mine and it was a case of living 'hand-to-mouth' from the very start. 32 This precipitation process was intended only as a vehicle to earn sufficient money to launch into the real purpose of the Company and that was to mine and treat the 668,000 tons of reasonably high grade ore which was readily accessible in the old Open Cut. It was planned the mining of this ore would then generate enough money to enable the remainder of the seven million tons of ore inherited from the Old Company to be mined. The Company staggered from financial crisis to financial crisis, while first A. J. Taylor as Works Manager 33 and then Boyd struggled to achieve the required output of copper in the face of falling copper prices. Boyd's indomitable spirit hardly weakened during this time, although his despair showed through on several occasions. The first was during a telephone conversation with Kessel on 19 September 1930 when he said that unless development capital was obtained, he would not continue with Mount Morgan; 34 the second was in a letter to Thompson when he wrote "You must think I am a rotten individual to leave in charge." 35 and then went on to relate how he had overcome the latest problem. Further, in his report of 30 October 1931, Boyd said:

The out-turn of copper from this plant has been disappointing, ...and may be that I have over-estimated the

32 Boyd had estimated an additional £10,000 was required to purchase the new plant required to successfully carry on precipitation. Prospectus p. 8. CAPCOL, Box M14/1293.12.
33 Boyd took over from Taylor in September 1930. Kerr, Mount Morgan: Gold, Copper and Oil, p. 186. Boyd had raised the point that Taylor should go, principally because the Company could not afford the £880 a year plus house and perquisites it was paying him. Boyd to Thompson, 5 July 1930. CAPCOL, Box M14/1251.17. Thompson subsequently questioned Taylor's loyalty to Boyd following Taylor's dismissal, when he comments on correspondence from the "late Works Manager" suggesting Taylor may have been in conference with Golliker. Thompson to Boyd, 25 February 1931. CAPCOL, Box M14/1251.17.
34 Kessel to Thompson, 20 September 1930. CAPCOL, Box M14/1281.8.
35 Boyd to Thompson, 6 May 1930. CAPCOL, Box M14/1251.10.
amount of copper that can be got into solution.  

These public lapses of confidence in the project were visible to only a few and as far as the workmen on the mine were concerned Boyd was "determined, he persevered and got the place going."  

During this time, Boyd made use of his extensive mining industry contacts to have selective flotation test work carried out on samples of ore by the American Cyanamid Company and by the Company's own representative, metallurgist Brian Lennon at Mount Isa. In order to be seen to have selected representative samples of ore from the Open Cut, Boyd enlisted the services of Mines Inspector Evan Jones in making the selection. It seems from the records available, that this test work was carried out free of charge, or at worst for some minor reimbursement of expenses.  

The purpose of this test work was to prove once and for all that the selective flotation process would perform as Boyd's plant tests in the Old Company Concentrator had indicated. A secondary reason was to establish the Company's credibility with investors by being able to produce satisfactory results certified by reputable and independent metallurgists. With results proving the process to be successful in hand, Boyd wasted no time in renewing his attempts to obtain the finance needed, firstly to survive and then to start mining. While all this was going on, the members of the Board and in particular Thompson and Boyd lobbied every parliamentarian, in both State and Commonwealth politics, who had any influence, or interest in Central Queensland's future with the object of obtaining government aid.

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36 Boyd to Board, 30 October 1931. CAPCOL, Box M14/1251.10.
38 Brian Lennon was engaged specifically to carry out this test work. See Lennon's biographical entry in Appendix B.
39 In the Manager's Report to the Board, AR 1930, Boyd said that American Cyanamid had agreed to carry out tests at no cost. CAPCOL, Boxes M14/1283.1 to 4 contain correspondence and reports of the various companies and individuals who helped with these tests.
assistance by way of a loan or guarantee. In addition, private investors were approached but to no avail. Apart from the larger established companies which were approached and which imposed such onerous conditions on their investment that the Company was unwilling to accept their involvement, there are only minimal records of who was approached.

It is recorded in Board minutes considering the resignation of Sir Herbert Gepp as Technical Consultant, that Gepp had been a potential purchaser but that he had withdrawn when he was appointed by the Queensland and Commonwealth governments to report on the Mount Morgan Mine and to recommend whether the operation merited assistance. It is also known that a newly formed Company, Gold Mines of Australia had considered investing in the Mine about this time but, in deciding against the investment, said that the price of gold in England had not yet started to rise as a result of the devaluation of sterling and in any case, with Gold Mines of Australia's small resources, the project was thought to be too difficult.

40 Copies of correspondence and notes on tactics to be used by Directors in their approach to governments are to be found in CAPCOL Box M14/1251, Boxes M14/1281.5 and 6 (Commonwealth) and Boxes M14/1292.15 to 17 (state).
41 T. C. Beirne, the Brisbane merchant, was prepared to loan the Company £15,000 but only provided the government would guarantee the loan. When the government refused, Beirne withdrew, charging the Company interest on the £15,000 which he said he had 'held in readiness'.
42 The files of CAPCOL contain correspondence with: Broken Hill Pty Ltd. Box M14/1281.7; British Metals Corporation. Box M14/1281.10 and Mount Morgan Gold Recoveries (No Liability) Company. Box M14/1293.6. Each of these organisations negotiated investment in the Company.
44 BM, September 1933. CAPCOL, Box D15/386. Also Thompson to Boyd, 15 November 1930. CAPCOL, Box M14/1251.9.
45 BM, September 1933. CAPCOL, Box D15/386. Gepp had been approached to put the Company's case to the Prime Minister, so Gepp would have had an excellent opportunity to weigh up the prospect for his own investment. Boyd to Gepp, 3 October 1930. CAPCOL, Box M14/1251.9.
46 This devaluation by 25% raised the price of gold, an important advantage in ensuring the profitability of the operation. The fact that the rise had not yet occurred did not deter Gold Mines of Australia from investing in Mt Coolon. This devaluation is discussed in Blainey, The Rush That Never Ended, p. 309. See also G. Lindesay Clarke, Built on Gold, Recollections of Western Mining, pp. 4 and 5.
47 G. Lindesay Clarke, Built on Gold, Recollections of Western Mining, p. 8. Clarke had himself
While this may have been true, it is possible the founder of Gold Mines of Australia, the mining legend W. S. Robinson, could have had doubts about having anything to do with Mount Morgan. He may still have had bitter memories of his experience when, in 1914, he was involved in an investigation of the Old Company and its management following the purchase of 349,000 shares in Mount Morgan from the estate of the Walter and Eliza Hall Trust. Robinson had, at that time, uncovered serious defects in the management structure of the Company and during his attempts to minimise the losses suffered by his client, the Nagrom Syndicate, he had made "lightly veiled accusation of fraud". His contempt for the Directors of the Old Company showed through in 1914 when he wrote to his brother Lionel concerning the proposed purchase by his interests of the Port Pirie lead smelter from the Broken Hill Propriety Company

This is the most overvalued concern I know of - the ignorance of the directors exceeds that of the Mount Morgan Board.

The argument that it may have been Robinson's old prejudices which influenced his decision rather than a real shortage of resources, appears to be strengthened by the fact that Gold Mines of Australia almost immediately went on to invest £79,000 to mine the undeveloped Mt Coolon gold

called at Mount Morgan to "look around ... and discuss future possibilities". Colin Fraser to Boyd, 12 September 1930. CAPCOL, Box M14/1251.10. See also Clarke to Boyd, 29 October 1930. CAPCOL, Box M14/1251.10 and Boyd to Thompson, 6 November 1930. CAPCOL, Box M14/1251.10.
48 G. Lindesay Clarke, Built on Gold, Recollections of Western Mining, p. 1.
49 These shares had been owned by Walter Hall and on his death, his widow Eliza, with some prompting from R. G. Casey Sr, had formed the Trust. The shares were sold by the Trustees in order to fund the Trust. Kerr, Mount Morgan: Gold, Copper and Oil, pp. 144-146.
50 Geoffrey Blainey (ed.), If I Remember Rightly, p. 74.
51 Geoffrey Blainey (ed.), If I Remember Rightly, p. 84.
MOUNT MORGAN LIMITED

SHOWING

LINDA LEVEL WORKINGS, LIQUOR CIRCULATING SYSTEM

and

COPPER PRECIPITATION BOXES.

A Map to Show the Extent of the Copper Precipitation Operations of Mount Morgan Limited, 1929-1932.

MAP FOUR

Adapted from Plan Included in Mount Morgan Limited 1930 Annual Report.

property situated near Nebo in Central Queensland. 52 In return for this investment Robinson’s company was issued with 180,000 shares of £1 each and a cash payment of £40,000, so the net cost to its investment was £39,000. Mt Coolon closed in 1939 after returning capital as dividends and a profit equivalent to bank interest. It ran out of ore. 53 While the Mt Coolon project appeared attractive, an investment of £39,000 in Mount Morgan would have been more than sufficient to set the Company on its path to success and would have been a better investment than the Mt Coolon deal. By 1939, the return to Gold Mines of Australia from an investment in Mount Morgan would have exceeded the Mt Coolon return by a factor of about 25% 54 but the potential to earn greater dividends was greater, since there were extensive and known ore reserves at Mount Morgan compared with the unproven reserves at Mt Coolon.

While Mount Morgan Limited struggled to survive, finance had largely come from an £8000 overdraft on the Bank of New Zealand, guaranteed by Campbell’s company Discount and Finance. Just how hopeless the position was in May 1932 can be gauged from the letter written to the Bank asking for an extension of the overdraft by £500. The Bank was advised the Company had given notice to all but ten of its employees and that these ten were required to hold the leases against claim jumping. 55 Several days later Boyd was telegraphed £50 to keep him going. There appeared to be no alternative but liquidation, involving the loss of probably the entire

52 For the location of Nebo see map two in the introduction to this thesis.
53 G. Lindesay Clarke, *Built on Gold, Recollections of Western Mining*, p. 6.
54 Dividends from Mount Morgan from the year ended 26 June 1934 to the year ended 17 June 1939 were 170% for those who had invested at the beginning. Assuming it was possible to earn bank interest of 5%, the Mt Coolon mine returned 100% (the capital) plus 9 years at 5%, a total of (say) 145% so the increased Mount Morgan return would have represented a 25% greater dividend. See CAPCOL, Box S54 for an un-numbered table which calculates the return received by the first shareholders from 1933 to 1937.
55 The workforce had already been gradually reduced from its 1930 numbers. Boyd to Thompson, 26 June 1930, CAPCOL, Box M14/1282.17.
share capital. 56

Mount Morgan would not have been the only mining Company to face such an end because as Geoffrey Blainey points out in Mines in the Spinifex, the shareholders of Mount Isa faced the same possibility and:

it was reasonable to expect that the debt of £3,500,000 would not be entirely repaid until all ore was exhausted, the mine abandoned, and the mill and smelters wrecked for scrap iron. It was reasonable to predict that the shareholders who had invested their savings in this 'greatest of the world's silver lead mines' in the late 1920s would not even receive a liquidation dividend when the company ended its life. 57

Both situations gave the lie to these predictions, but while Mount Morgan had relatively small reserves and did not expand its operations to any great extent, Mount Isa lived up to its promise and much more.

In a report to the Chairman of Directors on 10 December 1929, Colville Christie, the Company Auditor, listed the book values of the assets the Company was acquiring. 58 The Mount Morgan Mine, plant and equipment at the Mine, a building in Rockhampton, the limestone quarry and rail sidings at Marmor, the coal mine at Baralaba, and a very minor entry of £10 as the value of the Kunwarara magnesite quarry were considered by him in relation to the tax position the Company might find itself. 59

The Kunwarara magnesite deposit is rated as the largest in the world. 60 In

56 AGM, 1931. CAPCOL, Box M14/1281.14.
57 Blainey, Mines in the Spinifex, p. 179.
58 Christie to the Chairman, 21 December 1929. CAPCOL, Box M14/1292.11.
59 Of all the assets listed, only the Marmor operation and the Kunwarara deposit now remain in operation. The former, acquired for £2,750 by the Ambrose family at the end of 1931, supplied the Company lime continuously from the start of mining at Mount Morgan in October 1932 until the Mine closed in 1990. Marmor still continues to supply lime to the sugar industry. The sale of Marmor set a pattern of missed opportunities which was repeated many times over during the next 50 years.
1994, magnesite produced from the Kunwarara open-cut and processed in a new treatment plant at Parkhurst is marketed as a source of raw material for the production of refractory bricks used as lining for steel furnaces. The Company was anxious to save the lease fees and caretaker's expenses so, in September 1930, it surrendered the magnesite leases, paying a lease cancellation fee of £5. This was despite the fact that, for a period of about three years from 1918, the Old Company had mined the deposit, constructed a calcining furnace with presses and kiln and successfully made its own refractory bricks for the copper converters in the smelter. The calcining furnace built at Kunwarara was too small to make the bricks economically so the Old Company had ceased production of bricks from the deposit as far back as 1921. 61

It is fairly easy to understand why the Kunwarara leases were surrendered but it is more difficult to understand why the Marmor operation was sold. Boyd had been enthusiastic in his praise of the Marmor quarry in the 1929 prospectus, pointing out that it contained large proven reserves of limestone with 500,000 tons of first class limestone available down to the 50 foot level. At the time the decision was taken to sell the quarry, plant and sidings, there certainly was an urgent need, when all efforts were being made to save money, for the Company to rid itself of this apparently burdensome asset and so save £4. 10s. a week on caretaker's wages and £2. on lease payments. The reality was that by selling to Ambrose, the Company not only cut off another potential source of income, 62 but condemned itself to being reliant on supplies of lime from Ambrose and others for the remainder of its operating life, many times competing with the


62 By sale of lime to the sugar industry which at the time was reasonably prosperous.
sugar industry for continuity of supply. The Old Company had used limestone in large quantities as a flux in its copper blast furnaces and as it was planned that in any future smelting operation blast furnaces would not be used, these quantities of limestone would not be needed. Because current test work being carried out was on good ore, unaffected metallurgically by the 1925 fire, no one had yet realised that burnt ore, which would be encountered as the Open Cut went deeper, would require huge quantities of lime in order to make the new flotation process for recovery of the minerals in the ore work efficiently.  

The decision to shed the Marmor operation therefore appears to have been made on the basis of saving money in the short term and of not perceiving the need for the Marmor product in the long term. On the weight of this evidence, the decision may have been right for the time, but considering the Company's willingness to involve tributers in the recovery of gold from tailings on its Mount Morgan property, a better decision would have been to sub-lease Marmor on a royalty basis to someone, perhaps to Ambrose, eager to supply lime to the sugar industry. It would not have mattered if the royalty payment had covered little more than the out-of-pocket expenses of the leases, the Company would have retained an asset that has continued to be a constant and reliable source of income and more importantly, it would have retained control over its lime supplies.

At the end of its second year, the desperate position of the Company was

63 It was not until the tonnages mined from the Mount Morgan Open Cut increased that the burnt ore and acid ore were encountered. Lennon, writing in 1953, notes that these ores required far more lime to provide the alkaline environment necessary for successful selective flotation than the test work of 1930-1932 had indicated.

64 There was considerable discussion on the use of tributers at Mount Morgan at the 1931 AGM. CAPCOL, Box M14/1281.14. Boyd discusses the possible use of tributers at Mount Morgan. Boyd to Thompson, 17 December 1929. CAPCOL, Box M14/1251.10. For an explanation of the term 'tributers'. See technical glossary, Appendix A of this thesis.
highlighted by a resolution by F. H. Golliker that immediate steps be
taken to sell out to buyers with sufficient capital to develop the Mine. In
response to Golliker, Chairman Kessell tried to temper the severity of the
position by reading a telegram received from Adam Boyd that day outlining
the success of Brian Lennon's test work on samples of Mount Morgan ore
at the Mount Isa pilot plant. Golliker was unmoved and in an impassioned
plea said he had his whole life savings in the Company and he had more
cash in the Company than any other man. While praising Boyd as a very
capable mine manager he reminded the meeting Boyd was "not a
metallurgist and this is a metallurgical problem". Golliker then criticised
the Board's decision to spend £105 on outside advice.

Golliker's concerns are understandable since at that time he held shares
and proxy votes from his family representing 40,000 shares but it is
difficult to understand why on the one hand he implied Boyd was out of his
depth in attempting to solve what was a metallurgical problem, while on the
other hand criticising the Board for hiring an "outside [metallurgical]
expert". Golliker's criticism of the consulting fee of £105 was defended by
the Chairman as being a requirement of the Queensland government as a
condition of their consideration on the advisability of lending the Company
£500 for pilot plant work. After considerable discussion Golliker's
resolution, supported by his friend Leishmann, was lost and Golliker failed

65 Golliker, a major shareholder of the Company, had been a shareholder of the Old Company and, at
the Extraordinary Meeting, 1927, had spoken against a proposal to "hold on against the possibility
of a recovery". Extraordinary Meeting, 1927, ML. There are a number of letters Thompson to
Boyd about Golliker's numerous visits to Thompson's office and his attacks on Thompson for the
failure of the Company to live up to its prospectus promises. See CAPCOL, Box M14/1251
especially file 9 in that box.
66 AGM, 30 December 1931. CAPCOL, Box M14/1281.14.
67 AGM, 30 December 1931. CAPCOL, Box M14/1281.14.
68 Kessel to Thompson, 30 September 1930. CAPCOL, M14/1251.9.
69 The expert was metallurgist T. M. Owen and this is the first time Owen's name appears in dealings
with the Company. Owen's report is contained in CAPCOL, Box M14/1281.4.
During the discussion Deputy Chairman Colonel Campbell, who had at least £5,000 of his own money at stake was less courteous in his response when he said:

Your [Golliker's] anxiety to sell this concern defeated its very object, because we had certain negotiations earlier on in the piece and your advent to Sydney some time ago and your activity in discussion this all over the place it was put around quick and lively that the shareholders were upset. I heard the Company was definitely smashed.

While attacking Golliker for his attempts to sell off the Company “on the street corner”, Campbell should have had some doubts about his own part in the failure to raise the finance necessary to keep the Company in operation. Mount Morgan Limited had attracted investors like Campbell, men who were comfortably well off and were prepared to risk moderate funds but who were not prepared to risk more to shore up an ailing Company. Many, like Golliker and his colleague Leishmann, who became restless about losing their investment as the situation worsened brought their complaints to the Annual meeting. As will be shown in chapter three, a modest investment of £15,000 finally provided the catalyst which enabled the Company to start treating ore, establishing credibility and encouraging startling financial results, so what was needed now was an injection of even moderate funds from larger investors, representing

70 Verbatim report and published report of AGM, 30 December 1931. CAPCOL, Box M14/1281.14.
71 A search of the share records has so far failed to locate a listing of the original shareholders, however Campbell was one of the original syndicate.
72 Verbatim report of the proceedings of the AGM, 30 December 1930. CAPCOL, Box M14/1281.14.
73 Leishmann had made a rather perfunctory attempt to make a more substantial investment in the Mine, see CAPCOL, Box M14/1281.11. Leishmann had made a visit to the Mine during this time. Boyd to Thompson, 22 August 1931, and Thompson to Boyd, 26 August 1931. CAPCOL, Box M14/1251.9.
members of the Sydney establishment. During 1930, 1931 and part of 1932 this investment did not eventuate and it can be argued that Campbell's political activities with the New Guard and allegations that he was a fascist ensured no major investor would subscribe the extra money.

A study of the published and archival material on the New Guard provides an interesting background to the character of Campbell, his business contacts within the City of Sydney, his organisational skills and his drive. In chapter six, Campbell's performance as Chairman of the Company will be analysed, particularly to see if his alleged fascist leanings are evident in his policy decisions. Campbell's political career began at a time when the activities of the New South Wales government under Premier Jack Lang were beginning to be of concern to 'establishment' members P. R. Goldfinch, Robert Gillespie and Sir Kelso King and this concern led them to form an organisation to combat the communist policies they believed Lang espoused. With financial backing of up to £12,000, the organisation set up a system to recruit members, and this appears to have been the reason Campbell, with his military experience and contacts, was invited to membership. Campbell soon became disillusioned with what he perceived as the casual fashion in which the Goldfinch committee was building up its strength, and resigned. Because he believed a strong stand was needed to fight Lang's socialists, he set about forming his own organisation, based on his old military colleagues, a group which was

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75 Goldfinch was General Manager of Colonial Sugar Refineries. Gillespie was Chairman of the Bank of New South Wales and Kelso-King was Chairman of Mercantile Mutual Limited. In addition Kelso-King had been Chairman of the Old Company. Kelso-King provided premises for the meetings in the basement of the Mercantile Mutual building at 177 Pitt Street. Campbell, The Rallying Point, p. 30 and p. 32.

76 Campbell claimed the assistance came from "the Bank". Campbell, The Rallying Point, p. 32.
became popularly known as the New Guard leaving the establishment group with the name the Old Guard. Campbell's defection was undoubtedly the first of his actions to upset the very powerful founding members of the Old Guard.  

During 1931 and 1932, the period of Mount Morgan's greatest need for financial backing, Campbell put a great deal of his energy into the development of the New Guard, becoming General Officer Commanding and running it on strict military lines. While it was natural he should have upset Labor supporters by his speeches and the gatherings the Guard organised throughout the Sydney area Campbell's actions and his part in leading the New Guard as a major force in breaking up trouble on the waterfront appear to have upset the establishment.

Lang's attacks on Campbell and the New Guard were direct while the establishment's attacks appear to have been more covert. It is apparent that Campbell realised, after the first two large public meetings of the Guard in the Sydney Town Hall, that the organisation was as unpopular with what, for want of a better term, he called 'Sydney's establishment' as it was with the Lang government. As Campbell was at the head of this unpopular group, it is likely the establishment may have closed ranks against any

77 The composition, history and performance of the Old Guard are studied fully in Moore, The Secret Army and the Premier, Conservative Paramilitary Organisations in New South Wales 1930-1932.
78 Campbell says at the beginning, for weeks on end, he "visited two meetings a night, three nights a week”. Campbell, The Rallying Point, p. 61. R. T. Thompson worried that "Campbell has had practically the whole of his time taken up in attending to New Guard matters”. Thompson to Boyd, 5 April 1932. CAPCOL, Box M14/1251.17.
79 Campbell has made claims about the success of the Guard in country New South Wales but Amos, The New Guard Movement 1931-1935, suggests this success was greatly exaggerated.
80 In particular through what became known as “Operation Shipping Strike”. Campbell, The Rallying Point, pp. 160 - 162.
81 Lang appointed Police Superintendent MacKay to investigate the activities of the New Guard and police officers attended all the rallies organised by the group, recording details of car registration numbers and identifying those who took part. Copies of the reports are held in the AONSW, Colonial Secretary’s Department Files, B 32/2669.
82 Campbell, The Rallying Point, p. 126.
venture with which he was associated. Campbell was part of the mid-range of Sydney businessmen, with a large house in the northern suburbs, several servants and holding membership of several clubs, but he was not in the elite group which the Old Guard represented. In addition to his own well established business, Campbell held directorships in four moderate sized companies so his own personal career was difficult to harm but Mount Morgan Limited as a Company in desperate need of money was a different matter.

Campbell's notoriety peaked at the time of the opening of the Sydney Harbour Bridge on 19 March 1932 when Captain Francis de Groot of the New Guard 'slashed' the ribbon with his sword just as Premier Lang was preparing to cut the ribbon with ceremonial scissors. After Sir Philip Game, Governor of New South Wales, dismissed Lang on 13 May 1932, the New Guard lost the reason for its existence and although Campbell continued his major involvement the organisation started to collapse, finally ceasing to function in 1935. In 1938 when Campbell was charged with a criminal offence involving Du Menier Industries, he alleged he had been persecuted by the judiciary, inferring that the persecution was the result of his New Guard activities. It is surprising that there has never been any

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83 Among his several directorships, Campbell was a member of the board of Du Menier Industries and it was this directorship which was to be Campbell's undoing as a member of the Mount Morgan Board. The events which originated from Campbell's membership of the Du Menier board are discussed in chapters five and six of this thesis.
84 Campbell was a partner, with his two brothers, in a well established firm of solicitors, among the substantial clients of which was a trust held on behalf of his wife's family, who were graziers with properties on the western slopes of New South Wales, a trust reported to have a value of "six figures". Campbell, The Rallying Point, p. 127.
85 The assumption that the Company suffered because of Campbell's activities was supported by Thompson who expressed concerns that "influences outside of E. C's. control is at work to prevent any further monies being made available to us". Thompson to Boyd, 28 May 1931. CAPCOL, Box M14/1251.9.
86 Campbell's standing as a political figure and folk-hero can be gauged from the fact that his relationship with Jack Lang was recognised in a patter song written by Australian song-writer Jack O'Hagan. Campbell thus joined dignitaries of the calibre of the Prince of Wales, cricketer Don Bradman and aviator Amy Johnson on the list of O'Hagan's songs. The words of this song and some information about a recording of it made in April 1932 are included in Appendix C.
conjecture about the effect of Campbell's activities had on this period of investment in the Company, especially when one considers the frank exchange of letters between Boyd and R. T. Thompson, in several of which Thompson confides his doubts about Campbell's loyalty to the Board and especially to his fellow Syndicate members. 88

During the whole of this time, Directors and senior staff made sacrifices in order to keep the place going, but the years 1929 to 1932 were not entirely without reward for Boyd. It has always been reported in earlier histories that when the Company was floated in 1929, Boyd was retained as a consultant for which he was paid no extra fees in addition to his £300 a year Director's fees 89 and in 1931 when the financial position became desperate he took over as Works Manager at a salary of £500 a year in addition to his Director's fee. 90 Certainly, despite the fact that he was paid about twice the average wage paid to the average employee of the Company, Boyd earned his money, spending day and night on the mine making sure the plant kept going. Apart from his professionalism, it is likely Boyd had the additional incentive of having his own money at stake should the project fail. R. T. Thompson, the Managing Director, accepted a cut in salary at the same time selling off his own shares to pay travelling expenses in his attempts to float additional capital, while the Directors waived the payment of their fees until the Company showed a profit. In addition to his salary and fee, an entry in the accounts of 1931 seems to

88 Thompson, referring to Campbell's attitude to the appointment of Directors to the new Board to be formed if Sir Henry Barraclough's Company General Securities (Australia) Limited succeeded in obtaining finance to exercise its option on the Mine by the formation of Mount Morgan Gold Recoveries N. L., said: "I understand our friend E. C. endeavoured to get the thing the way of his friends". Thompson to Boyd, 21 April 1931. CAPCOL, Box M14/1251.17.
89 Managing Director Thompson took a 50% cut in salary, and the Directors waived their fees. The Wolfenden Report discussed this fully. CAPCOL, Box M14/1251.13. See also chapter three.
90 There was no certainty Boyd would ever receive the £300 Directors fees, however his salary was a firm contract so he would have been paid this. The announcement of his salary was at the AGM 1930. CAPCOL, Box M14/1281.14.
indicate Boyd may have been provided with supplies as well as the Mount Morgan house *Ritamada* 91 as part of his salary package.

The reality was that when the situation was blackest, an amount of £209. 15s. 11d. was spent on “equipment for Ritamada” 92 and in the accounts for 1931-1932, the Directors voted themselves two years fees at £300 each a year, a total of £3000 while Thompson was reimbursed the salary cut for the full period and the shares he had sold were replaced. 93 The effect of this was to help to increase the accumulated loss from £4,500 at the end of 1930 to £12,000 at the end of 1932.94 It appears somewhat inappropriate after noting the payments made to the Board to read the comments by the Chairman and Deputy Chairman when dealing with the complaints of Mr Golliker and the other major shareholders at the meeting six months later. One could be forgiven for wondering if the Board had decided that they at least were not going to miss on being paid if the Company failed.

One of the arguments used by J. M. Niall against any lengthy shut-down until copper prices and industrial relations improved was that there would be "a loss of adequate and experienced labour which would not be re-established on an equally efficient basis." 95 The effect of this loss of experienced labour was not as serious as Niall had suggested. In fact,

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91 *Ritamada* was the name of both the General Manager's house on the Mine Range, Mount Morgan and of Adam Boyd's 'shack' at Emu Park. John Kerr is in error in saying that when A. F. McAskill was appointed as General Manager in 1935, he was "offered a salary of £2500 a year and the use of *Ritamada*, the seaside house at Emu Park". Kerr, *Mount Morgan: Gold, Copper and Oil*, p. 193. McAskill would have occupied *Ritamada* at Mount Morgan, the Emu Park *Ritamada* was Boyd's own property.

92 Boyd had been authorised to take steps “to make the house suitable to his requirements”. Thompson to Boyd, 4 October 1930. CAPCOL, Box M14/1251.10.

93 Statement of accounts to cover the period ending 30 June 1932 as reported at the AGM of 30 December 1931. CAPCOL, Box M14/1281.14. This matter was also the subject of an investigation by E. S. Wolfenden, see chapter three.

94 Annual accounts to end of June 1930 and end of June 1931. The propriety of the Directors taking their fees so early in the recovery period is discussed by Wolfenden. CAPCOL, Box M14/1251.13.
from the start it worked to Boyd's advantage because he was able to employ those whom he was later to describe as "of the right colour". Although no written records survive to support the claim, Mount Morgan legend has it that there were several of the 1925 trouble-makers who were never employed by Mount Morgan in Boyd's lifetime. Boyd had the additional advantage that the Company was started in the middle of the depression so he had an enormous pool of labour from which to make his selection.

The mining industry has always been a closely knit community with its constituents connected professionally by membership of The Australasian Institute of Mining and Metallurgy. Even in the days of difficult access to mining operations around the world, technical people were remarkably mobile and it was not unusual to find staff of one mine who had worked in several operations during their career. This mobility and the connection through The Institute meant that friendships with and knowledge of the professional capabilities of people separated by the width of the continent were not unusual. During the early life of the Company, this old-boy network was used on a number of occasions as new senior appointees were followed to Mount Morgan by professional colleagues with whom they had worked in other places. The professional connection with those employed in other places was also used frequently throughout the life of the Mine with technical information and the loan of equipment being freely traded both ways.

96 BM, held at Mount Morgan, February 1934. CAPCOL, Box D15/386.
97 Former MML carpenter foreman Bill Butcher Jr recalls: "At the reopening of the Mine, Boyd used the method of selecting the foreman for each section and told them to go and find their men." One of these foremen was Bill Butcher Snr who was in charge of the carpenters and labourers and who was told: "We're in the Depression, select your gang". Butcher Jr continues: "As more men were required, they went to the employment officer, who advised the number of men required for the day and the men had to give their qualifications. The unions did not worry them at all."
RITAMADA - THE GENERAL MANAGER'S RESIDENCE.
Mine Range, Mount Morgan.

RITAMADA - BOYD'S 'SHACK'.
At Emu Park.

Photographs from CAPCOL.

PHOTOGRAPH SEVEN
These factors of good industrial conditions and the 'old boy' network were fully exploited by Boyd during this desperate period (1929-1932) and in the crucial period which followed. As the middle of 1932 approached, Boyd and his fellow investors saw their chances of success fade while their pleas for help were ignored, but help was not far distant as governments realised one solution to the problem of the depression was to give support to the Australian gold mining industry. And what better section of that industry should they support than the famous, if somewhat tarnished, Mount Morgan gold mine?
CHAPTER THREE

MEN, MONEY, and METALLURGY

1932 - 1935

We feel we can justly claim to have been faithful Trustees of your interests by turning a dead and hopeless asset into one of Australia's leading wealth producing industries.¹

In June 1932, Mount Morgan Limited was indeed almost dead, with creditors clamouring for £4,000 owed them. Histories published by the Company have always asserted that a loan of £15,000 from the Queensland government in July 1932 was all that was used to start the operation and to increase throughput to a viable 2,300 tons a week.² The truth was that the Company had requested much more than the amount the government was prepared to loan as a first instalment, in order to achieve the throughput it required to ensure its continued profitability. It has been left to historians Lorna McDonald and John Kerr to state the actual amount requested by the Company.³ Furthermore, the Company has implied it was after the plant was running satisfactorily that additional capital was obtained from the public sector.⁴ Again, it is Kerr who points out that over £30,000 was raised from the public before the end of the test period.

financed by the government loan. Just what the advantage was to Company of perpetuating the myth that its success was based solely on such a relatively small loan is difficult to determine. It may be that in the first place Boyd told the story that the government loan had been sufficient to start operations and that the loan had been paid back from profits earned in the short period up to February 1933, in an attempt to encourage further investment confidence in the potential of the Mine. Thereafter, the story became part of the Mount Morgan folklore.

In this chapter it is intended to confirm that the loan had indeed provided the seed money Boyd was seeking, but more importantly the chapter will demonstrate how Boyd’s dependence on Herbert Gepp, with his influence in government circles and his wider connections within the mining industry, allowed Boyd to make best use of the relatively small amount advanced to the Company. While the published histories of the mine acknowledge the industrial relations contribution of the employees to the success of the venture, little has been written to connect operations at the Mine with the broader industrial climate prevailing in Queensland during this period. It is the industrial attitude of the men, the money matters and the technical expertise of the staff which need to be retold here because, without all three, Boyd could not have succeeded and it would have been a death notice rather than a birth notice which shareholders would have read.

From the day it commenced operations in 1929, the Company was fortunate

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5 Kerr, Mount Morgan: Gold, Copper and Oil, p. 189.
6 No mention is made in The Story of the Mount Morgan Mine, 1882-1957 that additional capital raised had been used to repay the loan, however, the proceedings of the AGM, 23 November 1933, record that "Funds ... were utilised, firstly in liquidating the Company's liabilities and in repayment of the loan from the Queensland government with expenses attached thereto". CAPCOL, Box M14/1281.14,
in having good relations with its employees as had been shown by the
willingness of the men during the difficult pre-loan period to accept a 48
hour working week without any increase in pay and in accepting shares in
the company in lieu of overtime. 7 Negotiations towards these
arrangements were made easier by a series of industrial events which had
occurred in western and northern Queensland and by an action of the
conservative Moore government which, in September 1931, withdrew the
right of access by the mining unions to the industrial court. 8 The principal
Union on most mining fields in Queensland was the powerful Australian
Worker's Union 9 which also represented some of the workers in the
pastoral industry, but failed to support a strike by shearers in January
1931. 10 By contrast, the employees of three small mining companies
operating about 60 miles north-west of Cloncurry were not members of the
Australian Workers Union but the Union gave its support to these non-
member miners when they struck over a reduction of wages in October
1931. 11 After about six weeks, the strikers, realising that alone they were
not strong enough to win, called on the railways unions for assistance. 12
The refusal of railway workers in Townsville to handle a train load of 'black'
ore from the mines 13 resulted in the government sacking the railmen and
when the rail unions called off their action after only ten days, there had

7 In the Annual Balance Sheet for 1932, it was noted that the issued capital had been increased by
£300 to enable the Company to issue shares to this value to employees and so honour this
agreement with the men. CAPCOL, Box M14/1281.14.
8 Brian Costar, Two Depression Strikes, 1931, in Murphy (ed.), The Big Strikes, Queensland 1889-
9 Apart from a handful of tradesmen, the majority of the Mount Morgan employees were members of
the Australian Workers Union (AWU).
10 Costar, Two Depression Strikes, 1931 in The Big Strikes, pp. 188-191.
11 As employees of the Dobbyn, Orphan and Mt Oxide mines, Costar, Two Depression Strikes, 1931
in The Big Strikes, p. 191.
12 Costar discusses the resulting involvement of the railways unions at length, pointing out that the
miners' request for industrial assistance provided the catalyst for industrial action which had been
simmering for a long time in North Queensland because of poor conditions suffered by the railway
workers of the north. The action became not so much a support for the miners as a "pitched battle
between the Australian Railways Union (ARU) and the government." Costar, Two Depression
Strikes, 1931 in The Big Strikes, pp. 192-197.
been little gain to the miners and none to the railway men, many of whom were not re-employed when work resumed at the mines.\textsuperscript{14} The attitude of the conservative government during both the shearsers' and miners' strikes caused the unions to work with the parliamentary Labor party towards the removal of the Moore government in 1932 instead of towards industrial action.\textsuperscript{15}

While there is no doubt the lack of miner's access to the arbitration system and the determination of the unions to oust Moore by other than industrial action worked for Boyd, it is likely the desire of the Mount Morgan people to work was his greatest industrial asset.\textsuperscript{16} Generally Queenslanders had fared better during the period 1930 to 1932 than had their southern neighbours during this period of mass unemployment, principally because of Queensland's larger agricultural base compared to New South Wales and Victoria's dependence on manufacturing. Nevertheless, fear of unemployment enforced discipline among militant unions and this fear was a major reason for Mount Morgan's position because probably more than in any other Queensland town Mount Morgan had already suffered the trials of industrial unrest and unemployment for most of the previous decade.

The financial turning point in the Company's long battle to survive, and

\textsuperscript{14} The miners went back to work on 3 April 1932, gaining only two shillings a day increase in their pay. They had been on strike for six months to win this increase. Costar, \textit{Two Depression Strikes, 1931 in The Big Strikes}, p. 199.

\textsuperscript{15} The government had railed strike-breakers under police escort into Western Queensland from other parts of the state and from New South Wales to end the shearsers' strike. Costar, \textit{Two Depression Strikes, 1931 in The Big Strikes}, p. 190. The AWU action in supporting the government was apparently forgiven. Moore also pushed through a Railway Strike and Public Safety Preservation Bill as a threat to the railway workers considering state-wide industrial action in support of the Dobbyn miners. Costar, \textit{Two Depression Strikes, 1931 in The Big Strikes}, p. 195. Although the provisions of the act were never used, the threat served to convince the union movement it should work hard towards the removal of Moore.

\textsuperscript{16} It was not only in Queensland that industrial unrest declined. In \textit{John Curtin, A Biography}, Lloyd Ross indicates that in Australia "working days lost in 1931 totalled 245,000 compared with 1,511,000 in 1930; even fewer days were lost in 1932 when the number of disputes was the lowest recorded for any year during the period covered by official investigations." Lloyd Ross, \textit{John Curtin, a Biography}, South Melbourne, McMillan, p. 127. See also figure four in chapter eight which shows Australian strike frequency and striker rates, 1913-1978.
indeed to realise Boyd's vision, came when the Lyons Commonwealth government decided to assist the gold mining industry. July 1932 is always quoted as the month when this assistance was given but investigations into the merit of the Company's request had been put in train nearly two months earlier when Mr Herbert Gepp, former Chairman of the Commonwealth Development and Migration Commission, was instructed by the Prime Minister to "submit a report and recommendation" on the Mount Morgan property. Gepp was an ideal choice to prepare the report. As pointed out in chapter two, Gepp had already expressed interest in the Mine as a personal investment and in addition he had a twenty year association with the mining industry, in particular with the flotation process intended to make the Company's metallurgical practices more efficient than those of the Old Company. Gepp was a man whose opinion was highly regarded, with the seniority of his former government position acknowledged by the level of the salary paid to him. When undertaking the task of reviewing the prospects of Mount Morgan Limited for both the Commonwealth and State governments, Gepp was no longer Commissioner but was appointed by the Prime Minister because of his personal reputation. This is confirmed by the fact that in his report to Moore, Gepp signed himself as 'Consultant on Development to the

17 B. G. Patterson in an article The Story of the Mount Morgan Mine, QMJ, June 20, 1950, p. 381.
19 Gepp held this position from 1926 to 1930, ADB, vol. 8, 1891-1938, pp. 640-642.
20 Gepp to The Hon. A. E. Moore, Premier of Queensland, 30 May 1932, hereinafter called Gepp Report. CAPCOL, Box M14/1281.6.
21 In July 1927, just before the Extraordinary Meeting of the Old Company which had sealed its fate, Gepp had accompanied Prime Minister S. M. Bruce to the Mine and had recommended against payment of a copper bounty to keep the company solvent. Capricornian, vol. 52, No. 30, 28 July 1927, pp. 26-29. See also Gepp Report, pp. 1-2.
22 This was while Gepp was employed at Broken Hill.
23 "A mark of its prestige [the position of Chairman of the Development and Migration Commission] was that the salary, £5,000 p. a., ranked well above any other in the Commonwealth pay-roll, excluding the Governor-General." Michael Roe, "H. W. Gepp, His Qualification as Chairman of the Development and Migration Commission", Tasmanian Historical Research Association, vol 32, No. 3, September 1985, p. 95.
Commonwealth Government' and the money for the loan to the Company came from a provision for relief of unemployment.  

Arrangements to implement Gepp's recommendation to advance the Company £15,000 for a program of test work were completed only weeks before the Moore state government was defeated at the polls by a Labor team led by Forgan-Smith. These arrangements brought to an end a period of three years during which both the Moore government and the Scullin Commonwealth Labor government had repeatedly rejected the Company's appeals for support as indeed they had rejected other claims for help to the mining industry. Moore had tried to distance himself from the alleged corruption of his predecessor, McCormack's government in the Mungana affair and at Mount Isa. There was no suggestion of corruption in the Mount Morgan case but technical uncertainty about the success of the proposed method of treatment at Mount Morgan had provided Moore with ample excuse to refuse to help. Politically, Moore was probably grateful the decision to help Mount Morgan had originated from the Commonwealth government so his government could not be seen to be favouring the mining industry, a charge Moore had repeatedly levelled at the Labor government he had replaced.

27 The fate of a small mine in Central Queensland was the least of Scullin's worries with wool prices falling by 50% in 1929-31, wheat and flour down 60% in the same period and unemployment rising to one person in six by the end of 1930. According to Ross, Labor was "bewildered and divided." Ross, John Curtin, A Biography, pp. 94 and 114. The Moore government had refused to help the ailing Mount Isa Mines when it asked for release from its crippling rail freight guarantee payment, justifying this decision on the grounds that the Mount Isa railway had been "born in bribery". Blainey, Mines in the Spinifex, p. 127.
28 It was alleged share 'deals' were made with Theodore and McCormack during the period 1921 to 1925 when the Railways Bill was rushed through Parliament. Geoffrey Blainey says that the final decision to build the rail link from Duchess to Mount Isa was taken only after the mine had purchased a mining lease in the deeps area from Theodore for the sum of £6,000. Blainey, Mines in the Spinifex pp. 112-113. These dealings were part of the ammunition used by the Conservatives in allegations which led to the Mungana enquiry.
29 The Moore government had appointed a Royal Commission to investigate allegations that Theodore, as Premier of Queensland had acted dishonestly and fraudulently to defraud the
Gepp lost no time in completing his investigation, leaving Melbourne on 6 May 1932 and submitting his report on 20 May. He sought advice from Brian Lennon and B. G. Patterson who both accompanied him to Mount Morgan and he arranged for Mines Inspector Evan Jones to return from leave to advise him on the reliability of the sampling procedures used by Boyd in preparing the samples tested at Mount Isa. In addition, both going to and returning home from Mount Morgan, Gepp met with a range of influential people who provided him with technical, financial and political advice on the project. His well reasoned report, prepared after much thought and consideration and consultation with a number of engineers and metallurgists skilled in operations on similar lines to those proposed at Mount Morgan concluded that there were still some questions to be answered about the operation before he could recommend the full scale operation of 500 tons a day planned by the Company.

Boyd had asked for £40,000 but Gepp argued that if the test was to be satisfactorily a more realistic estimate to bring production up to 3,000 tons a week would be £58,000. In recommending only the immediate advance of money for experimental work during a four to six months period, Gepp submitted that the results of the test work would determine whether a government and line his own pockets. Details of the Mungana Affair including the implications for the Scullin government are found in K. H. Kennedy, The Mungana Affair, St Lucia, University of Queensland Press, 1978. The effect charges made against Theodore had on the Scullin government is detailed in Ross, John Curtin, A Biography, pp. 110-111.

30 "Patterson was for many years the mining engineer in charge of the statistics of the ore bodies at Mt. Morgan." Gepp Report, p. 1. CAPCOL, Box M14/1281.6.

31 The names and positions of those interviewed are listed in Gepp Report. CAPCOL, Box M14/1281.6.

32 Gepp said "I am not prepared to recommend immediately operations at Mount Morgan which involve a jump in scale of operations from half a ton per day on the Mount Isa test plant to 500 tons per day at Mount Morgan." Gepp went on to detail his points of concern. Gepp Report, pp. 2-3. CAPCOL, Box M14/1281.6.

33 Kerr, Mount Morgan: Gold, Copper and Oil, p. 187.

34 Gepp Report, p. 8. CAPCOL, Box M14/1281.6.
HERBERT GEPP AT MOUNT MORGAN, MAY 1932.

(Left to right) Adam Boyd, Herbert Gepp and Brian Lennon.

Photograph in Brisbane Courier, 14 May 1932.

PHOTOGRAPH EIGHT
second loan of £39,000 should be made.  

Although Boyd was later to suggest that the decision to recommend a period of plant test work before full-scale work could commence had disadvantaged the Company, Gepp was professionally correct in expressing his concerns about the proposed transition from the laboratory scale tests carried out by Cyanamid and at Mount Isa. Following the positive recommendation by Gepp that the project was sound, there was no more excuse for either government to refuse to support the project and an agreement was signed with the Queensland government to advance £15,000 to enable the program outlined by Gepp to commence.

With investor confidence bolstered by government backing and even before the Big Mill started, £20,000 of shares were sold between 1 October and 20 October. Once the Mill started, another £56,694 was invested, largely by way of an allocation to shareholders on the basis of four shares at par to each share held at 21 December 1932. This influx of capital allowed the Company to eliminate its debts, including the government loan and to continue operations past the original 5,000 ton test.

Local tradition has always suggested that the repayment, in February 1933,

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35 The two loans of £15,000 and £39,000 would have totalled only £54,000 which was £4,000 short of the revised Boyd/Gepp estimate. The shortfall represented funds required to meet pressing creditors. Gepp claimed his terms of reference did not allow him to recommend money for this purpose. Summary of financial proposals, item 4, Gepp Report, p. 8. CAPCOL, Box M14/1281.6.

36 Boyd was suggesting this disadvantage arose from a delay in the start up by 10-12 weeks. See Boyd's address to the AGM, 20 December 1932. CAPCOL, Box M14/1281.14.

37 Metallurgically, the conditions under which the ore was to be treated in the large-scale operation in the 'Big Mill' were not identical to the laboratory tests, and while early operations confirmed that recoveries actually exceeded those obtained in the laboratory, any one of the variables [water, burnt ore, stope filling, mine timber] mentioned by Gepp could have affected the results disastrously.

38 State government Under-Secretary A. A. Staines advised R. T. Thompson the loan had been approved, 28 June 1932. CAPCOL, Box M14/1281.6.

39 On 20 October 1932, Boyd to Thompson. CAPCOL, Box M14/1251.11.

40 The Wolfenden Report, p. 49, section B. ref. 8, CAPCOL, Box M14/1251/13. See footnote 46 of this chapter for origins of this report.
of the government loan was made not only to inspire investor confidence, but so that Adam Boyd could stop Mr Gepp as Government representative "looking over his shoulder". There is little formal evidence to support this legend except for comments made by Boyd in personal letters exchanged with R. T. Thompson. These comments seem to indicate Boyd thought Gepp was inclined to be somewhat indecisive and he warned Thompson to avoid Gepp's dictatorship. It is quite clear from a study of the literature on Boyd and Gepp that they were both competent and strong-willed characters, each accustomed to having his own way and there is no doubt Boyd would have resented Gepp's continued presence. The evidence of Boyd's unqualified congratulations and thanks to Gepp contained in statements to the Board show, however, that at least publicly, Boyd harboured little long lasting resentment of Gepp's involvement in the Mine, although privately he may have breathed a sigh of relief at Gepp's departure from the scene.

While the problem of a shortage of capital appears to have been solved quickly, the manner in which the extra shares were allocated to existing shareholders, in particular to one C. H. Smith, caused legal problems for the Board, problems which, added to other queries raised by several

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41 See McDonald, *Rockhampton, A History of City and District*, p. 324.
42 Boyd to Thompson, 1 June 1931. CAPCOL, Box M14/1251.9.
43 The CAPCOL files do not contain Boyd's letter No. 912 (date unknown) but in his reply of 15 June 1932, Thompson said "Thanks for your advice re H. W. G. Will watch him pretty closely ... I will not be a party to accepting his dictatorship". CAPCOL, Box M14/1251.9.
44 This is particularly highlighted in Thompson to Boyd, 11 October 1932 and Boyd to Thompson, 22 October 1932. CAPCOL, Box M14/1251.9.
45 When congratulating Gepp on his appointment as Technical Consultant, *AGM*, December 1932. CAPCOL, Box M14/1281.14. And at a BM when thanking Gepp for his past assistance after Gepp had resigned that position. BM, June 1933. CAPCOL, Box D15/386.
46 The concerns relating to the issue of shares was discussed in the Wolfenden Report, unpublished report to MML, pp. 49-51, Section B, Ref. 8. E. S. Wolfenden, Chartered Accountant of 117 Pitt Street, Sydney was requested by the Board on 15 August 1933 to "make a general investigation into ... Company's affairs as ... thought necessary" and to investigate nine specific matters relating to the Company's operations. The Wolfenden Report, covering letter of 13 October 1933. CAPCOL, Box M14/1251.13. Sections of the Wolfenden Report are considered to be important enough to be included as part of Appendix D of this thesis. See also Boyd to Thompson, 22 October 1932. CAPCOL, Box M14/1251.11.
Directors over accounting practices, caused dissension among the shareholders and resulted in a libel writ being served on the Board. The Board found itself in trouble over more than the law suit when an enquiry by Chartered Accountant E. S. Wolfenden criticised the Board members collectively and individually for poor attention to their responsibilities in authorising payment of accounts. Wolfenden criticised the Board for paying themselves their total back fees for the years 1931 and 1932 before the Mine had started to make a profit. This was exactly the point raised by the Board's bête-noire, Golliker, when he moved at the 1932 Annual General Meeting "that the Directors be asked not to accept any fees while shareholders are without dividends." In questioning the propriety of paying such a large sum, Wolfenden noted this had been for a period when "meetings were fewer and were not attended regularly by all members of the Board." Boyd, Campbell, Crawford and R. T. Thompson all came in for their share of criticism about poor justification of fees and expenses claimed by them, but it was Thompson who attracted most attention, particularly as he repeatedly refused to provide the Board with full details of his a claim of £2,166 for reimbursement of "travelling expenses etc."

Wolfenden investigated a payment of £500 in cash, made to Mr F. F. Munro "for extra clerical assistance". According to Wolfenden, there appeared to be irregularities in the payment to Munro, an un-discharged bankrupt, being £300 'bonus' and £200 'expenses'. Munro had refused to give further details of the expenses other than 'I visited Queensland and personal expenses ... amounted to £200'. It also appears that Munro had demanded £750 and Thompson contended the £500 was a 'compromise'. Campbell was mentioned as having fixed the amount to be paid to Munro but he denied knowledge of any discussion on the matter. The Wolfenden Report, pp. 44-45 Section B Ref 6. In the light of criminal charges subsequently laid against Campbell, discussed fully in chapters five and six, Campbell's denial may well be questionable. By the time the Wolfenden Report was released, Munro had died and his son sued the Company for libel [case; Doram: Maxwell A. J.; Munro vs Mount Morgan Limited, 14 June 1934. The Wolfenden's Report was Exhibit F in the case]. The case details are marked on the cover of the copy of the Wolfenden Report held in CAPCOL, Box M14/1251.13. It has not been possible to discover any reference to the outcome of the case.

This motion and another by Golliker of no confidence in the Board were seconded by his friend Leishmann but both motions were lost on show of hands. AGM, 20 December 1932. CAPCOL, Box M14/1281.14.

The Wolfenden Report, p. 12, Section A.. CAPCOL, Box M14/1251.13.

Wolfenden queried claims by Boyd and Crawford for unsubstantiated travel expenses. He also questioned Campbell's claim for £481. 19s. 9d. for legal fees, details of which were never given to the Board. The Wolfenden Report, pp. 43-46. CAPCOL, Box M14/1251.13.
Wolfenden goes into a great deal of detail concerning the payment of arrears in salary to Thompson and reimbursement of losses he sustained in the forced sale of shares. Wolfenden expresses concern about the totally inadequate way in which Thompson presented justification of his claims, including a lack of detailed records of the number of shares alleged to have been sold for the purposes of assisting the Company.

In noting that the arrangement to allow Thompson "to claim settlement of his expenses by the issue of shares" was recorded as having been "entered into between the Board and Mr Thompson on 13 April last", Wolfenden points out there was no record of a Board meeting having taken place on that date. He commented that either the Secretary failed to record the proceedings of the 13 April meeting, or made a mistake in the date and suggested an alternative explanation for a subsequent entry in the minutes of 4 August, referring to the 13 April meeting was "drawn so as to give the appearance of genuineness to the transaction." Given the seriousness of the charge, it is strange Thompson did not seek some sort of legal redress, if indeed he was innocent of the allegations. The details of this arrangement present an uncanny parallel with events revealed at a criminal trial Eric Campbell was to face in 1938.

The Annual General Meeting of November 1933 was the scene of an interesting series of conflicts between the Chairman and disgruntled shareholders in particular with Mr Vickery, who Wolfenden had alleged had not disclosed a financial interest in the Smith share issue, contending he was being "held off the Board" despite his having had a major hand in

51 See extract from the Wolfenden Report in Appendix D of this thesis.
52 The Company Secretary was W. R. Thompson, Managing Director R. T. Thompson's brother.
54 The charges brought against Campbell are discussed in chapters five and six of this thesis.
55 Vickery was Campbell's Alternate Director. The Wolfenden Report, p. 47 Section B. Ref 7. CAPCOL, Box M14/1251.13.
various financial dealings which had helped the Company get on its feet. The Chairman had on several occasions to rule that he would not discuss details of the Wolfenden Report because of the pending Munro law suit and he advised interested shareholders they could read a copy of the Report “at a table in the Secretary's office”, however few bothered to make the effort to wade through the 60 odd pages. Campbell had previously ruled that Directors were permitted to take one of the four published copies of the report away from the office only after signing for it. Sixty years on, the report provides an interesting comment on the lack of detailed financial control which the Company's head office had over expenditure and on the casual, and perhaps self-serving, attitude of the Board towards its management responsibilities.

The Wolfenden report was one of a series of blows suffered by the Board during 1933 and 1934 as the strain of the previous three years began to take its toll on the men who had been the founders and principal partners of the original syndicate. In March, Cyril Smith, Boyd's colleague and Accountant at the Mine, wrote to the Secretary advising that Boyd had been admitted to the Hillcrest Private Hospital in Rockhampton suffering pleurisy after convalescence at home had failed to improve his condition. It appears the illness was not only pleurisy, because Boyd soon applied for leave of absence as “my Doctor suggests my heart condition requires complete rest and a change of climate”. The Board unanimously granted Boyd leave on full pay and was fortunate that Tom Owen was available to take over as acting General Manager during Boyd's absence. Boyd did not return to the Mine until after the Annual meeting in December. Just as Boyd was ready to return to his duties at the Mine, Chairman J. H. Kessell died

56 AGM, November 1933. CAPCOL, Box M14/1281.14.
57 BMs, 19 and 26 October 1933. CAPCOL, Box D15/386.
58 C. S. Smith to Secretary, 26 March 1933. CAPCOL, Box M14/1251.11.
59 Boyd to Secretary, 3 May 1933. CAPCOL, File M14/1257.11.
Suddenly on 15 November 1933 and his place was taken by Eric Campbell.60

The third blow came with the serious illness of Managing Director R. T. Thompson. The strain had been telling on Thompson as far back as June 1931 when he had confided to Boyd that he had taken a few days off “to escape ... a temporary nervous trouble.” 61 Thompson wrote to Campbell saying his doctor had advised he [Thompson] needed a serious operation. This letter was written only after Campbell had found it necessary to speak to Thompson about complaints he had received from members of the Board that the Managing Director was not giving proper attention to his duties. 62 It was a strange comparison that while Boyd was granted leave so willingly by the Board, no such sympathy was extended to Thompson. Further, Campbell had reported to a Board meeting on 11 May 1934 that during his discussion with Thompson and in response to Thompson’s request to be bought out of the remaining £7,641 owing from his contract as Managing Director, he had advised Thompson to seek legal advice on the matter. Thompson’s devotion to his job as Managing Director during the lean years was rewarded with a pay-out of £3,750, of which £1,750 was to be paid in equal payments spread over three years. 63 On the surface, it appears Campbell did little to assist Thompson in his application, perhaps confirming that, as suggested by Thompson during the negotiations with Barraclough, Campbell wanted Thompson out. 64 However, in the light of

60 Kessell had been at a Board meeting on 14 November. BM, 14 November 1933. CAPCOL, Box D15/386. On 16 November, the Board recorded members had attended Kessell’s funeral that day and adjourned as an expression of sympathy. The date of Kessell’s death is recorded by McDonald, Gladstone - City that Waited, p. 177.
61 Thompson to Boyd, 18 July 1932. CAPCOL, Box M14/1251.9. See also Boyd to Secretary, 24 February 1933. CAPCOL, Box M14/1251.11.
62 BM, 11 May 1934. CAPCOL, Box D15/386.
63 BM, 11 May 1934. CAPCOL, Box D15/386'
64 See Thompson to Boyd, 20 November 1930. CAPCOL, Box M14/1251.10. And in a “Private and Confidential” letter, Thompson to Boyd, 16 September 1930, regarding a perceived attempt by Campbell to close Sydney Office, possibly to restructure the Board with “those responsible for the formation of the Company ... dropped”. CAPCOL, Box M14/1251.10.
the concerns expressed by Wolfenden about the validity of Thompson's claims for reimbursement of his pre-loan expenses, and Thompson's reluctance to provide detailed justification, perhaps what is reported in the minutes of the meetings dealing with Thompson's resignation was a kind way of allowing him to retire with some dignity and with a reasonable payout.

While the money men had provided the means of financing the operation and while the cooperation of the men, together with the industrial conditions of the time, had played such an important part in the success of the project, it was the skill and dedication of the metallurgical and engineering staff at the Mine which had ensured the task of producing concentrate for profit would succeed. Gepp's report had stipulated his first requirement was that a pilot plant test be conducted on samples of ore taken from all portions of the ore body and this required the construction of a new pilot treatment plant, metallurgically identical to the Big Mill, except in scale. It was reasonable to expect that recoveries from the large scale operation would be at least as good as those from the small plant. Within four weeks of the announcement of the loan, the Company had assembled its technical staff among whom were two experienced metallurgists loaned by the Electrolytic Zinc Company. While Lennon and his research team waited

65 Gepp Report, p. 5. CAPCOL, Box M14/1291.13.
66 Such a plant is known as a pilot plant. Lennon had conducted his flotation tests in a pilot plant at Mount Isa from November 1931 to January 1932, Lennon, Resumé of Milling Operations, Section I - Testwork at Mount Morgan and Mount Isa, unpublished report to MML, 1953, pp. 3-5. CAPCOL, Box D15/359.5.
67 In fact the ratio of concentration achieved in the larger plant was over 30% greater than the previous test runs had achieved.
68 Lennon recorded that "[the pilot plant] was given its preliminary runs on September 17, 19 and 20 1932. It was ... erected and in operation within seven weeks of the arrival of staff at the Mine." From this information, it would appear the staff were in post from about 29 July 1932. Lennon, Resumé of Milling Operations, Section IV, Starting No. 1 Mill, unpublished report to MML, 1953, p. 14. CAPCOL, Box D15/359.5.
69 Gepp had been in charge of the construction of the Electrolytic Zinc plant at Risdon, Tasmania and its General Manager from 1915 to 1926; additionally the General Manager of EZ in 1932 was
for the Pilot Plant to be constructed they started laboratory test work on samples from the mine, including material left over from the Mount Isa tests. At the same time rehabilitation work on the Concentrator had started almost immediately the Engineering Staff arrived on site and this work occupied most of the 10-12 week period to which Boyd had referred. The pilot plant tests proved the correctness of the tests already carried out by Lennon and others and in fact were so successful that after two weeks Gepp, convinced the metallurgy was correct, told Boyd to “go ahead [with starting the Big Mill] and see what you can do”.

When the Mill started, the Pilot Plant was operated in parallel with the Mill to check the metallurgy still further, with part of the feed to the Mill sampled off at two hourly intervals for use in the small plant. The metallurgical staff of three senior metallurgists and three juniors metallurgists under Lennon worked to ensure that the Big Mill operated satisfactorily despite seemingly insurmountable difficulties with the equipment and the power supply. The new selective flotation process performed better than any of Lennon’s tests had suggested despite the fact that the plant was in a deplorable condition. This poor condition was not surprising considering the Company had purchased the ore-body, machinery and plant for the very low figure of £70,000. According to a statement in the 1934 accounts the whole place was insured for £180,000 so the book value of the plant must have been considered as being of little more than scrap value.

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Henry Somerset who had been a metallurgist at Mount Morgan before the 'purge' carried out by Benjamin Magnus in 1913. Kerr, Mount Morgan: Gold, Copper and Oil, p. 143. These connections no doubt played a part in the provision of the services of the two metallurgists, Messrs Shirrefs and Cornelius during a shut down of the EZ mine.

70 See footnote 36 of this chapter.
71 Boyd's speech at the AGM, December 1932. CAPCOL, Box M14/1281.14.
72 By 7 November 1932, 155 men were employed on the Works. Boyd to Thompson, 7 November 1932. See also report Gepp to the Queensland Mines Minister, 9 November 1932. CAPCOL, Box M14/1251.9.
Ever the politician who had to maintain the shareholders faith in the emerging operation, Boyd attempted to put to rest rumours that the treatment plant was not up to the task. He explained that this was the same plant which, just before the Old Company went out of business, had been satisfactorily handling ore at the same rate the Company now proposed and contended:

Since that time... nothing has happened to the plant, which is under a roof, except a little weathering and with the result that when we wanted to start was a matter more of cleaning up and greasing than anything else. 73

However, the reality had been very different, as Brian Lennon recorded. When experimental work had stopped in 1927, no attempt had been made to clean up the Mill and all the plant was badly corroded, while little of the galvanised iron walls and roofing remained so the plant was started up “practically in the open.” 74 In acknowledging the miracle which had been performed, Lennon said:

The fact that the Mill was commissioned and performed so well in such a short time was a credit to the hard work and skill of Boyd, Morgan John and the Engineering Staff. 75

The shareholders present at the Annual meeting clearly accepted Boyd’s account of the events because, in asking that his address be published in the press, one shareholder said its publication “would do much to enlighten those despised people in Pitt Street, of which I am one I might say”. 76

The deplorable state of the Mill was only part of the problem of satisfactory

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73 Boyd’s speech at the AGM, December 1932. CAPCOL, Box M14/1281.14.
74 Only the roof over the flotation section was repaired. Lennon, Resumé of Milling Operations, Section IV, Starting No. 1 Mill, unpublished report to MML, 1953, p. 13. CAPCOL, Box D15/359.5.
75 Lennon, Resumé of Milling Operations, Section IV, Starting No. 1 Mill, unpublished report to MML, 1953, p. 15. CAPCOL, Box D15/359.5.
76 AGM, December 1932. CAPCOL, Box M14/1281.14.
operation and while the Old Company’s power plant had been “the largest producer of power in Queensland, not excepting the [Brisbane] City Electric Light Works and the Brisbane Tramways or any others”, it, like the Mill, had been un-used and un-cared for during the five years since the Old Company closed its operation. The result was that, while there was adequate capacity to provide power to the Mill, the plant was unreliable, creating additional problems for the Mill staff.  

Lennon’s skill as an operating metallurgist has frequently been recorded, and early modifications he made to the old style flotation machines in the Mill helped him to overcome some of the metallurgical problems with these machines and to reduce the disruptions caused by the failure of the worn-out electric motors which powered them. Eventually, the old motors were replaced with locally manufactured units. Because of the relatively small tonnages being removed from the Cut at this stage, there was no need to have any mining staff looking after this area other than Boyd and Frank Birchall, his experienced Quarry Manager. Within the Engineering Department, Morgan John with his twenty years around the old plant needed only his assistant Frank Beggs, the Chief Electrician John Kelly and an excellent team of foremen and tradesmen, all of whom knew the place

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77 Boyd’s speech at the AGM December 1932, CAPCOL, Box M14/1281.14.  
80 Lennon’s changes to the design of these machines are recorded in Taggart’s Handbook of Mineral Dressing as “the Mount Morgan type M. S. sub-aeration machines”, p. 2.64, Figure 36, Mt. Morgan Flow Sheet [pre-1939], item 16.  
81 Jack Dempsey had dismantled the single motor purchased as a replacement and, using local castings, manufactured sufficient motors to re-power the flotation machines. The flotation machines were thus re-powered with new motors at little expenditure of ‘new’ money since most of the cost was for labour already employed at the Mine. The ethics of this project were doubtful since it appears no royalty was paid for the use of the motor design, a situation which recurred many times in the ensuing history of the Company. J. K. Dempsey, OH with R. F. Boyle, 22 August 1987.
THE BALL MILL FLOOR

THE MINERAL SEPARATION FLOTATION CELLS.

GOLD/COPPER CONCENTRATE

THE AMERICAN DISC FILTER.

STEPS IN THE SELECTIVE FLOTATION PROCESS.

Photographs from Mount Morgan, Queensland, March 1939.

PHOTOGRAPH NINE
thoroughly, to keep the plant running.

Until the end of December 1932, the task of getting ore from the quarry to the Mill, a direct distance of only about 450 feet, was enormous. The Main Haulage Shaft, used by the Old Company to raise ore from the lower levels of the Mine to a crushing plant located above a storage bin not far from the Mill, had been largely destroyed by the 1925 fire and still had to be reconditioned. Since the Shaft was not available, the only way to get ore to the crushers and thence to the Mill was by a roundabout route totalling some 6,000 feet. By December, enough of the Main Shaft had been reconditioned to enable the direct route from face to bin using the Headgear Winder to be taken. Perhaps it was just as well this work proceeded as quickly as it did because, by January 1933, throughput in the Mill had increased to nine tons an hour, a tonnage it would have been difficult to maintain without the Shaft. Boyd had estimated the total cost of mining and treating the ore during this period to be 20s. a ton but this figure was not achieved, the over expenditure of 3s. 3d. a ton being partly due to the below budget tonnages handled, to higher than budgeted power cost and to the longer and more difficult route taken by the ore to reach the Mill.

After the production of a concentrate containing gold and copper, additional metallurgical processes were required in order to produce these metals for

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82 It was not until the 1934 AGM that the Board officially used the term 'Open Cut', until then it had been described as the 'Quarry' to capitalise on the less stringent rules applied to quarries by the Mines Department. F. J. H. Cunningham, private communication with the author, September 1979.

83 In explaining why the costs of hauling the ore from the quarry face to the mill bins was costing over 1s. 8d. a ton instead of the 5d. a ton he had estimated, Boyd at the AGM on 23 December 1932 described to the shareholders, the 'zig-zag track' followed by the ore. CAPCOL, Box M14/1281.14. Lennon, 1953 explains that the whole operation described was performed by one man, emphasising the changes in industrial attitude compared with the Old Company's restrictive industrial agreements. Lennon, Resumé of Milling Operations, Section IV, Starting No. 1 Mill, unpublished report to MML, 1953, p. 13. CAPCOL, Box D15/359.5.

84 A detailed break-down of costs in each section of the operation was given by Boyd at the 1932 AGM. CAPCOL, Box M14/1281.14.
THE LONG WAY ROUND!

Hauling the first ore from the Quarry via the Linda Tunnel and the Zig-zag tramway.

October to December 1932.

Photograph from CAPCOL.

PHOTOGRAPH TEN
sale, and one of these involved a smelting furnace. The Old Company had built an experimental reverberatory furnace and roaster plant to compare the performance of this style of smelter against the blast furnaces used from 1906 to 1925 but the weekly out-turn of concentrate in 1932 was insufficient to consider re-commissioning this relatively large plant. At least 800 tons of concentrate a week would have been necessary to keep this furnace supplied with feed and in any case the condition of this plant was probably as bad as the rest of the Works. As a result 1,560 tons of concentrate, the total produced up to April 1933, were sold to the Electrolytic Refining and Smelting Co. of Aust. Ltd, Port Kembla Works, the same plant built by the Old Company in 1908.

Even this small tonnage of concentrate from Mount Morgan proved to be rather too much for the Pt Kembla blast furnace and after this first shipment, all concentrate was shipped in 75 lb jute bags, which were later paper-lined to reduce losses, to the Tacoma works of the American Smelting and Refining Company of New York on a two year contract. The contract was a very satisfactory one, with the cost of shipping the concentrate to America sixteen shillings a ton less than the sea freight to Port Kembla. The Company had to wait approximately four months after shipment before final proceeds from the sale of its product were received, although some advances were made on shipping documents. Typical of the delays which extended the payment time was one which occurred when the Golden States left Port Alma on 27 May 1935 with a shipment of concentrate, was diverted to Honolulu to pick up a cargo of sugar for San

85 Chairman’s Address, AGM, 23 November 1933. CAPCOL, Box M14/1281.14.
86 Kerr, Mount Morgan: Gold, Copper and Oil, p. 158.
87 The American Smelting and Refining Company of New York [Asarco] was the major shareholder in the struggling Mount Isa Mines Ltd. Blainey, Mines in the Spinifex, pp. 140-142.
88 In 1961, the sea freight on a shipment of blister copper to Europe was £30 a ton lower than the corresponding Australian shipping charge, AGM, 2 November 1961, RFBCOL.
89 BM, 7 September 1933. CAPCOL, Box D15/386. AGM, 23 November 1933. CAPCOL, Box M14/1281.14.
Francisco, then to another American port to load a cargo of timber, finally delivering the concentrate to the smelter on 17 July. The Company had to pay dearly for this delay in receiving payment even after smelting resumed at Mount Morgan when it was blister copper which was sold to the Electrolytic Smelting and Refining Company for refining. The refinery advanced 85% of the value of the copper on shipment but the advance attracted interest charges which in 1947 amounted to £10,560 at which time the delay in receiving full payment for the shipment was about 5 months. In effect, Mount Morgan appears to have had a permanent overdraft with the refinery to the value of the advance on their product. While one shipment was paid for when sold, other shipments had come forward and had been advanced against. This financial inconvenience continued until the Company negotiated the sale of all its product to Sumitomo Japan in 1965.

There was no doubt now about the success of Boyd's plans and the Board was told that the operation produced concentrate for profit on 21 December 1932. Investors now clamoured to buy shares and the *Rockhampton Morning Bulletin* of February 1933 recorded that £1 shares were selling at 30s. With monies now available, Boyd pushed forward with his plans to achieve the promised throughput of 500 tons a day and while the crushing sections of the plant were more than capable of these tonnages, the milling and flotation sections were not. It soon became obvious that the old ball mills, some of which had been installed as part of the Mundic Works back about the turn of the century were beyond the task and it was decided to set

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90 Report by James Horsburgh on his trip to the USA and particularly his visit to Asarco, 20 July - 27 November 1935. CAPCOL, Box M14/1292.6.
91 "This contract, as well as sharply reducing the time of realisation and thus reducing stocks of metals, shows a significant increase in the net return per ton of blister copper due to savings in freight, refining charges ". Keith Cameron, *AGM*, 1965, pp. 3-4. RFBCOL.
92 By 30 June 1933, the shares had risen to 40s. 6d.. The Wolfenden Report, p. 26, Section B, Ref 4. CAPCOL, Box M14/1251.13.
BAGGED CONCENTRATE FOR AMERICA

Circa 1937.

Photograph from Kerr, *Mount Morgan: Gold, Copper and Oil*, p. 191.

PHOTOGRAPH ELEVEN
up a new module using as its main component a large brand new ball mill which would be capable of handling up to ten tons an hour on its own. This unit was installed at a cost of £5,000, or one third of the prized government loan, and was commissioned in March 1933. Ball mills of this size became the standard and until 1958 nine more were purchased, then a much larger grinding unit was installed. As early as October 1932, with production about to start, the Board had worried about finalising an industrial agreement with the men.  

When industrial agreements were resumed, Mount Morgan worked on two Industrial Agreements, the first with the Australian Workers Union and the second with the Engine Driver's Union, both agreeing to a 48 hour week. In September 1933 another Agreement was made, this time with the Tradesmen and Assistants and with Clerks, again with a 48 hour week. Twice the court considered an application by the AWU to vary the working hours back to 44 but on each occasion, the Company convinced the Court that the Mine was still in the experimental stage and still later that the employees would prefer regular and continuous employment at reasonable wages over a shorter working week and the danger of unemployment.

The 44 hour week in Queensland had been granted to increase the employment vacancies, but the Company argued that if it were to be left alone industrially, it would be able to increase throughput which in turn would require more men. It further argued that this increase in employees would be greater than could be expected if the 44 hour week were granted. Finally, on 20 December 1933, the Company lost the argument

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93 Mr Fitzgerald [the Company's Industrial Adviser] had recommended to Thompson that it was now "necessary to press for finality, [of the employee's agreement] because it may be that the union is waiting until the Company gets into production to then put it in an awkward position." Thompson to Boyd, 11 October 1932. CAPCOL, Box M14/1251.17.

94 The industrial matters discussed in this paragraph are covered in detail in files held in CAPCOL, Boxes D15/282-288. The Company's industrial files covering the whole period 1932-1968 are intact and may be found in CAPCOL.

95 The Chairman reported fully on the industrial relations position at the AGM, 23 November 1933.
and the 44 hour working week was granted. To allow for the shorter time worked by each employee, the Company devised rosters provide for weekend work without the necessity of paying penalty rates. The Royal Commission had considered the industrial agreements of the 1920s and had estimated the extra costs which would have resulted from penalty rates if the plant had been operated at that time on a continuous basis. The Company's roster system achieved this continuity without these extra costs. This poses the interesting question whether the idea of proposing a seven day roster without penalty rates had ever been considered by the Old Company, whether such a roster had been refused at that time by the Unions or whether its successful introduction in 1933 was only the result of the changed industrial climate. Whatever the answer, this successful seven day roster system, modified to cope with the introduction of the 40 hour week on 1 December 1935 continued throughout the life of the Company with shift loadings paid for other than day shift, but all at a lesser penalty rate than that recorded by the 1930 Commission.

While there were changes in the industrial conditions under which the men worked, there was still a harmonious relationship between the Company and its employees. This was summed up by Tom Owen, who acted as General Manager during Adam Boyd's long absence on sick leave in 1933. He commented at the 1933 Annual meeting:

I would say that the relationship between the management and the men on the Mine has been most happy, and a very efficient crew of men are now working on the property supervised by a very efficient staff. In fact, I think that Mount Morgan as an operating concern can feel themselves very fortunate to have such a loyal and efficient staff as I found at

CAPCOL, Box M14/1281.14.

96 AGM, 23 November 1934. CAPCOL, Box M14/1281.14.
97 Comments made by the Royal Commission were discussed in chapter one of this thesis.
99 Copies of two typical rosters and an explanation of the way they were used are available in RFBCOL.
Mount Morgan. The men also were I found a very high grade type working very efficiently and as I said happily. 100

There is no doubt these "happy industrial conditions" were due in part to the Welfare Scheme instituted by the Company very early in its operating life. The concept was based on one of the more important sections of Boyd's report on his visit to North America as part of the Royal Commission. This section concerned the various employee assistance schemes in operation at mines across the United States and Canada and in particular he was interested in the Welfare schemes which involved the provision of medical, dental, insurance and sporting facilities to employees. 101 It might also be argued that he was also influenced by a similar scheme set up by Gepp at Risdon 102 but Noel Kirby does not believe this to be true. 103 Irrespective of the source of the idea, Boyd appears to have seen these concessions as being not only of humanitarian significance but also of industrial use and as early as May 1933 he brought up the matter with the Board. 104

Boyd also noted the provision of accommodation for employees at remote sites across North America. The Company was lucky that Mount Morgan was unlike Mount Isa where Urquhart, influenced by the policy of his Russian companies of providing vast camps of log cabins, shops and churches for employees, had created a company town. 105 The cost of constructing a town for several thousand people was one cause of the Mount Isa company's "ceaseless demand for capital". 106 Mount Morgan town was well established with ample accommodation for married workers

100 Tom Owen at the AGM, 23 November 1933. CAPCOL, Box M14/1281.14.
103 Noel Kirby, former mining engineer and Assistant General Manager, MML. Noel Kirby, OH with R. F. Boyle, 3 October 1992.
104 The scheme was first announced publicly at the AGM, 23 November 1933.
106 Blainey, Mines in the Spinifex, p. 158.
while single men lived at one of the nine hotels or in boarding houses. The influx of people soon resulted in a shortage of accommodation, but that was the employees' problem, not the Company's. Only technical staff imported from outside the town needed to be accommodated by the Mine and when Lennon and others arrived, they were put up in vacant offices within the General Office even being provided with a kitchen in the building. The Directors were also put up in this accommodation during their early visits, although later Boyd had invited them to stay in his own house. It was only on James Horsburgh's appointment as Assistant General Manager in June 1933 that a building program started with the provision of a residence for him at a cost of £1,200.

Without the need to supply the costly Mount Isa style social infrastructure which has become the norm in mining operations throughout Australia in the last four decades, Boyd was able to suggest different incentives be given to the employees. He proposed an insurance scheme funded entirely by the Company and spelled out to the Board the benefit to the employee. While he supported the subsidising of sporting facilities which he said would cost only a few hundred pounds a year, Boyd does not appear to have proposed any part of the Welfare Scheme as it eventually developed. At a Board meeting held at Mount Morgan in February 1934, there was considerable discussion about the proposal to allocate 7.5% of the ordinary dividends to Boyd's insurance scheme. It was Tom Owen who

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107 F. J. H. Cunningham, The General Office, unpublished booklet, Mount Morgan, 1987. RFBCOL. See also Boyd to Thompson, 8 January 1939. CAPCOL, Box M14/1251.10. 108 Boyd to Thompson, June 1930. CAPCOL, Box M14/1251.17. 109 BM, August 1933. CAPCOL, Box D15/386. 110 This was the figure pre-empted by Campbell at the AGM, 23 November 1933. CAPCOL, Box M14/1281.14. In October 1933, a report had been prepared for the company by Mr A. W. Hutchin, who from mid-1920 had been Gepp's executive in charge of industrial matters at Risdon. Roe, "H. W. Gepp, His Qualification as Chairman of the Development and Migration Commission", p. 100; Hutchin's proposal may be found in CAPCOL under the heading "Correspondence and documents on the establishment of a staff welfare scheme, 3 October 1933 - 8 November 1934". CAPCOL, Box M14/1283.11.
eventually proposed the way in which the Company's contribution be managed.  

At the same meeting it was Owen who proposed the division of the welfare distribution as 60% to be paid as a bonus to the employees, not including staff, the remainder to fund the sporting facilities and the premiums for an insurance scheme. This remained the accepted distribution until the take-over by Peko Wallsend in 1967 removed the scheme from the agenda.

Boyd may have proposed his scheme as a means of ensuring industrial peace because he, of all the Mount Morgan Board members, had reason to fear a return to the anarchy of the militant 1920s. The Board spent considerable time discussing the advantages of such a scheme as a means of stealing a march on the unions when it came to them making claims for additional wages and conditions. At this time there was no provision for paid holidays in the Mount Morgan awards but there were already threats of an application for a variation to provide for these payments. Shorter working hours had already been granted and paid holidays, sick leave and payment for statutory holidays were progressively introduced to the Mine, but there is no doubt the severity of the industrial claims made by the men was far less than would otherwise have been the case. Until 1957, the Welfare Scheme worked to the Company's advantage and it was only about this time that the men were again, as they had been in the troubles of 1921, influenced by "outside people".

The Welfare Scheme remains one of the greatest single achievements of

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111 Owen said "if we can afford it, it may be that a fund be established to be administered by a joint committee composed of the management and representatives of the employees, that fund to be built up by a percentage of ordinary dividends, any left over should go to improvements [to sporting facilities]". BM, February 1934. CAPCOL, Box D15/386.

112 Peko still funded the sporting facilities but because a bonus payment would have affected industrial agreements at other parts of the group, removed the idea of a percentage of profit.

113 Chairman Newman made this comment at the AGM 1956, RFBCOL.
Boyd's period of management at the Mine, the material remnants of his vision remaining nearly sixty years after it was proposed. The sporting and recreational facilities which were part of the Scheme were progressively handed over to sporting clubs and to the Mount Morgan Shire Council as the Company wound down its operations from the mid 1970s onward. Despite what late comers to the town now say about how little the Company ever did for the town, these facilities, among others totally or partially funded by the Company, remain as tangible evidence of the Company's contribution to the welfare of the employees and the town.

When the mine reopened in 1932, Boyd's mining program considered that only 668,000 tons of the ore reserves quoted by the Old Company represented the economic life of the Mine. By the end of 1933 that estimate was raised to 2.2 million tons because improvements in methods of treatment, a reduction in costs and an increased gold price had allowed lower grade ore, previously considered outside reserves, to be mined. The result was that Boyd was able to report to the shareholders at the Annual General Meeting of November 1934:

the Company has reached the stage where it was fair to state that the 7,750,000 tons of ore known to exist in the mine from the Old Company's records was likely to become commercial ore.

Throughout this period of starting, becoming profitable and consolidating the industrial base of the operation, Boyd's influence was felt everywhere, and there is no doubt this is the period during which he enjoyed his greatest

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114 Numerous articles in the press and interviews on television with disgruntled Mount Morgan rate payers have included these criticisms. Some of the contributions made by the Company to the town are recorded in Gistitin and Boyle, "Mount Morgan, a New Beginning", Canberra, The IEAust, Transactions of Multi-Disciplinary Engineering, vol. GE17 No. 2, December 1993, p. 120.

115 Boyd at the AGM, 23 November 1934. CAPCOL, Box M14/1283.14.
personal success as he maintained hands-on control of the money, men and metallurgy which put the operation on a firm technical footing and produced a majority of contented, dividend-rich shareholders.
BENEFITS OF THE WELFARE SCHEME.

(Clockwise from bottom):

Composite photograph from Mount Morgan, Queensland, March 1939.

PHOTOGRAPH TWELVE
CHAPTER FOUR.

REWARDS AND A PROMISING FUTURE

1935-1938

We can testify to the masterful skill and energy he [Boyd] invariably brought to bear on the many difficult problems which he undertook and ... his consummate skill. ¹

Adam Boyd ... didn't have the technical capability nor ... a spending mentality. ²

As 1935 began, with the success of a 20% dividend behind him, the promise of declaring another of 40% just months away and his target throughput of 5,000 tons a week almost achieved, Boyd realised that by the end of June, he could relinquish control of the day-to-day responsibility of running the complex operation which was the Mount Morgan Mine. ³ From the beginning in 1929, Boyd had been the Director who, despite frequent clashes in the early days with Gepp, ⁴ and later with Owen and Campbell, had the final say about technical matters affecting the Mine ⁵ but it was at the Mine itself that Boyd's power was paramount. Boyd's approach to the Mount Morgan tasks mirrored Bradford's recollection of his performance at Broken Hill, except that Mount Morgan Limited was over 20 years after Boyd's time at ‘the Hill’. ⁶

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¹ Leslie Bradford, QMJ, June 1950, p. 480. Bradford was one of the pioneers of flotation at Broken Hill, Blainey, The Rise of Broken Hill, p. 75. Bradford knew Boyd from the latter’s 13 years at Broken Hill.
³ Boyd was approaching 67 years of age and he had been seriously ill several years previously.
⁴ Detailed in chapter three of this thesis.
⁶ Mining people have a habit of shortening the names of mining communities. For example,
Not only was he by then a very much more experienced engineer, but his long and highly successful career in the mining industry, his association with The Australasian Institute of Mining and Metallurgy, with the 1929 Royal Commission and the Commonwealth Government's Gold Bounty Commission had enabled Boyd to build up a network of contacts in all parts of Australia. As already demonstrated in chapters two and three dealing with the three difficult years before June 1932 and the commencement of mining, these contacts had provided him with external assistance without which he may not have succeeded. It was his understanding of and concern for his colleagues and his employees, which enabled him to achieve the maximum cooperation from those with he was associated.

An analysis of Boyd's career shows that he was primarily an ideas man and an operations person. Throughout his career his achievements centred around his ability to manage existing projects, from the detailed planning stages through the complex problems which inevitably occur in mining, up to the stage of continued company profitability. All the mines where he had been employed had been working well established ore bodies by the time he joined them so that he had never been involved in the detail of exploration geology and in the tasks of turning an unproven property into a producing mine. When Boyd relinquished his general management of Mount Morgan, this lack of exploration and development experience was to be demonstrated as a serious weakness.


7 CAPCOL, Box M14/1281.15 contains correspondence about Boyd's activities on the Gold Bounty Commission.

8 One example is contained in an article QMJ, June 20 1950, p. 480.

9 Or in the case of coal mines, well established coal measures.
in his professional capability.

Although Boyd was generous with his own money, over 20 years of his career spent with the Old Company, with its year-after-year losses culminating in liquidation and leading to the starvation years of the Company, had made him more than careful with Company funds. Although improvisations and economies were necessary in the lean days prior to 1933, later additions and extensions to the various parts of the Company's plant continued to come largely from old machinery inherited from the Old Company with milling and crushing plant adapted to suit the new operation and second-hand earthmoving equipment purchased from other quarries. This policy of adapting and reusing older and less efficient equipment appears to have been part of the Boyd make-up, a characteristic nurtured by Mount Morgan's years of poverty, so that while he was capable of proposing the gradual extension of plant capacity to handle larger tonnages of ore, it was not within Boyd's philosophy to initiate schemes which required the expenditure of large sums of money on totally new plant to achieve these goals. This policy could not stand because, by 1935 the time was coming when, if the Mine was to continue to prosper, large amounts of capital would need to be spent to re-equip the Open Cut and to make provision to treat the large tonnages of oxidised overburden which were known to exist and this program required new and modern equipment.

Clearly Boyd was ready to go, not because of any managerial incompetence on his part, but simply because the Mine was outgrowing

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10 Bill Butcher Jr discusses Boyd's generosity to him as a young man by financially supporting Butcher's post-apprenticeship training in an OH with Carol Gistitin, 22 July, 1989.
11 Figure three illustrates the profits and losses made by the Old Company during its lifetime.
12 The engineering drawings of MML held in CAPCOL demonstrate many instances of this use of second-hand equipment.
MOUNT MORGAN GOLD MINING COMPANY LIMITED, DIVIDENDS AND LOSSES

YEAR
OLD COMPANY DIVIDENDS AND LOSSES,
30 JUNE 1887 to 30 JUNE 1927

FIGURE THREE
his physical capacity to spend long hours on the Works and because he would have been incapable, as General Manager of contemplating the prospect of building any new plant from the ground up. With Boyd associated with the Mount Morgan operation only as a Director, and although his influence on the staff as a "beloved despot" was later to be recognised, the Mine staff would, in the immediate future, be less shackled in their approach to the design of plant extensions. As pointed out in chapter two, Boyd's character required him to work, at least on a part-time basis, so he appears to have planned his 'retirement' so as to maintain a professional interest at the same time maintaining an income. While his choice of future career was based on the wish to see Mount Morgan expand into other mining fields, his acceptance of the position of General Manager of the Company's newly formed exploration arm placed him in an area where he had little or no experience, and this deficiency was to cause the Company financial losses and embarrassment over the next three years.

Boyd had worked with Gepp and Tom Owen at Broken Hill, while Owen and Lennon had been associates at Captain's Flat. Each of these men had more than a working knowledge of the Mineral Separation flotation cell which was used in the new selective flotation process when the Mine reopened. Moreover, while Boyd and Gepp were at odds on some of the points which were considered when Gepp investigated the Mine on

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13 In chapter six it will be shown how a confidential report by a delegation of New Zealand shareholders which described Boyd as a "beloved despot" was critical of his management style as Chairman and Managing Director.

14 Biographical entries for Boyd, Gepp, Owen and Lennon establish these connections. See Appendix B.

15 Gepp had been the General Manager of De Bavay's Treatment Co. which had brought the M.S. Cell to Broken Hill; Owen was the holder of one of the eleven flotation patents of 1912 originating from Broken Hill; Mumme, "Broken Hill, a Crucible for research and development in the days of Sir Bert Gepp", p. 351. Lennon had worked at the Junction North Mine, Broken Hill, and at Captain's Flat, each of which used M.S. cells.
behalf of the Queensland Government, there is no doubt that Boyd's long acquaintance with Gepp played an important part in first of all winning Gepp's approval of the scheme to start operations and then in gaining his co-operation during the test period. Chairman Kessell had expressed the Company's appreciation when he said that "Mr Gepp with his usual outstanding organising ability co-opted assistance of every kind from the leading mining interests", while Gepp's appointment as Technical Consultant to the Company was a more material expression of appreciation.

Despite Boyd's perceived lack of "spending mentality" or perhaps because of it, Boyd had done his job well in changing what one Sydney 'expert' had described as "a huge scrap heap" into an industry which, by the end of June 1935, had paid handsome dividends to its shareholders, was generating over £300,000 in export earnings towards the national economy and providing over 800 jobs for the people of Mount Morgan. While Boyd's meticulous planning had been a significant factor in this success, some of the circumstances which

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16 These differences have already been discussed in detail in chapter three of this thesis.
17 Kessell also acknowledged that Gepp's wide technical knowledge had "contributed in a large degree to our General Manager's success." AGM December 1932, CAPCOL, Box M14/1281.14. This was a point which may have upset Boyd, because many of the things Boyd did during the start-up period were at variance with the points of concern raised by Gepp.
18 Even before the 'Big Mill' had started work, Campbell proposed that Gepp be invited to join the Board, with an allocation of 1,000 shares which he would pay "out of a fee to be arranged as Consultant". Thompson to Boyd, 11 October 1932. CAPCOL, Box M14/1251.17. Nothing further appears to have come of this suggestion but at the AGM of 20 December 1932, it was announced Gepp had been appointed "as technical consultant to the Board". CAPCOL, Box M14/1281.14.
20 Report by Syd. J. Williams, 5 December 1932, CAPCOL, Box M14/1283.13.
22 Eric Campbell, AGM, 21 November 1935, RFBCOL.
23 The high returns achieved during the 'test' run from October to December 1932 were largely due to the grade of material treated and to the negligible amount of overburden mined to recover this ore. These conditions were not accidental. Boyd, possibly with Gepp's unofficial blessing would have 'high graded' the first few months of the operation to ensure maximum return. Boyd to Managing Director, 14 October 1932. CAPCOL, Box M14/1251.17. See also Appendix G of this thesis which shows the grades of ore mined during the period of this study.
helped the Company were pure luck.  

Somewhere between the meticulous planning and the good luck there was another area which contributed to Boyd's success and this intermediate area contained a little of each of the extreme components. The early success of the operation resulted from the skill and hard work of people on the Mine and on material help given by the industry in general. In every case, it was the 'old-boy' network mentioned in chapter three which provided these people and this help. Perhaps the Mount Morgan connection also worked to advantage when, on the way back from his inspection of the Mine, Gepp consulted Henry Somerset, the General Manager of the Electrolytic Zinc Company. Somerton had been metallurgist at Mount Morgan before the 'purge' of senior staff carried out by Benjamin Magnus in 1913. These connections all worked to the benefit of Mount Morgan, with Electrolytic Zinc loaning the services of two experienced metallurgists Messrs Shirrefs and Cornelius, during a shut-down of their mine and providing, on loan, a concentrate filter. Still further, the feeding devices installed in the ore storage bin outlets were made to a design supplied by the Mount Lyell Mining and Railway Co. of Tasmania.

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24 The devaluation of the pound, the Lyons government's decision to help the gold mining industry and the selection of Gepp as the government's adviser were things over which Boyd had no control.

25 Gepp Report. CAPCOL, Box M14/1281.13, p. 9. See also comments in chapter three of this thesis.


27 The four leaf disc filter was used to remove the water remaining in the final concentrate and to produce an almost dry powder suitable for transport and subsequent smelting. Boyd's estimates had not included provision of a filter and this was one of the points Gepp had worried about in his report. It is likely he had insisted Boyd use a filter and had arranged for EZ to provide one. The filter remained in use until December 1933 when a larger, six foot diameter six leaf filter was manufactured by MML using plans provided by the Zinc Corporation at Broken Hill. The provision of these drawings was yet another example of the co-operation between members of the mining fraternity.

28 The design was modified by MML in 1953, but the Mt Lyell style feeders continued to be used until 1970. See the MML 'T' series of engineering drawings held in CAPCOL.
In June 1935 at the age of 69 and with his health affected by the long years of struggle to achieve his vision of a rejuvenated Mount Morgan, Boyd announced it was time for him to relinquish the day-to-day control of the Mine.\textsuperscript{29} When he left, the Mine was still expanding in the size of its operation and, with Boyd's insistence, was poised to expand into the development of other mining properties away from Mount Morgan.\textsuperscript{30} The effect of this expanding size of the operation on the local economy and its importance nationally, was pointed out by Chairman Eric Campbell at the Annual meeting in November 1935 when he said that the output of the Mine was "equal to the clip from approximately half a million sheep or the wool return from half a million acres of good grazing country".\textsuperscript{31}

While drawing the attention of shareholders to "the major contribution of the gold-mining industry in general to the relief of unemployment" when compared with the pastoral and manufacturing industries, Campbell neglected to say that the Company still chose and encouraged those it recognised as good and able workers, while keeping the militants out. Mount Morgan's contribution would have been still further highlighted if he had reported that at Biloela, only 50 miles from Mount Morgan, 150-200 ration cards were being issued daily, while small land holders walked off their farms beaten by drought and crop failures.\textsuperscript{32}

\textsuperscript{29} As will be shown in chapter six, although he officially vacated the position of General Manager, Boyd did not really relinquish control at the Mine. The fact that Boyd lived at his 'shack' [Ritamada] at Emu Park, only about 50 miles from the Mine and that he was still a member of the Board meant he continued to guide the operation to the detriment of the development of his senior staff.

\textsuperscript{30} By the establishment of Mount Morgan Developments Limited.

\textsuperscript{31} In this same statement, Campbell congratulated the "governments of to-day in exempting our dividends from taxation." This meant that in addition to the exemption granted the Company as a gold producer, the dividends paid to individual shareholders were also exempt. AGM 23, November 1935. CAPCOL, Box M14/1282.14. See also a discussion on taxation in chapter seven of this thesis.

\textsuperscript{32} Carol Gistitin, "Copper and Gold Mining in Central Queensland, 1914-1945", MA Qualifying Assignment, University of Queensland, 1 November 1989. By courtesy of Mrs Gistitin.
From the time production had started at the end of 1932, Mount Morgan Limited had attracted the interest of many small shareholders in Australia and New Zealand and by the end of 1935, there were over 200 shareholders in Britain with the Company's interests being supervised by Mr Edwin Habben who was appointed as London agent in 1933. On the death of Mr Habben, the Company decided, rather than set up its own establishment, to appoint a new agent. It was perhaps as well R. T. Thompson was no longer Managing Director, because he may have objected to the appointment of Austral Development Limited as the new agents. Thompson's concerns would certainly have originated from an affiliation this company had with W. S. Robinson. Formed by an Australian, Colonel H. S. Evans, in 1926 to represent the interests of Australian mining houses, in particular some of those with whom W. S. Robinson was associated, Austral Development listed among its shareholders 'W. S"s. brother Lionel. In the light of his complaints to Boyd in January 1932 that Robinson would want to take over if he were to become involved with the Company, Thompson may have viewed an association with a company with which W. S. was connected, however loosely, with suspicion. The choice, however, was an excellent one and Austral Development provided first class representation well past the end of the period being considered.

33 Eric Morgan to the Managing Director, 9 May 1938. CAPCOL, Box M14/1214. 17.
34 Correspondence and documents contained in CAPCOL, Box M14/1284.24, record the appointment of Austral Developments Ltd as the Company's agents.
35 Blainey (ed.), If I Remember Rightly, p. 115.
36 See an [undated] list of shareholders of Austral Development Ltd. CAPCOL, Box M14/1284.24.
37 Thompson to Boyd, 18 January 1932. CAPCOL, Box M14/1251.17. Thompson had previously stated his views about the power of the Collins House Group. Thompson to Boyd, 11 November 1930. CAPCOL, Box M14/1251.
38 In 1955, Mr Roy Evans, one of the sons of Colonel Evans, with his brother, joint Managing Director of Austral Development, became a London Director of MML. The arrangement was terminated when the Company merged with Peko Wallsend Investments Ltd in 1968.
At the start of operations, the Open Cut inherited from the Old Company contained patches of relatively high grade ore which could be mined without the need to remove large quantities of overburden. While Barker had rejected the idea of starting operations in a small way with a minimum of overburden removal, Boyd pursued his plan of starting on a small scale and successfully treated 47,031 tons of ore in the first six months while removing only 2,440 tons of overburden. Even in the second year, removing only 105,000 tons of overburden revealed 145,000 tons of ore. While succeeding years did not come close to Barker’s design overburden to ore ratio of 5.85:1, nevertheless the Company was soon committed to a program of removing larger tonnages of waste rock in order to secure its future mining program.

Boyd was fortunate that better metal prices and better treatment practices made some of this waste material suitable for treatment. This had two advantages, firstly the value of metals recovered from this source was at least equal to, and in most cases exceeded by a good margin, the cost of mining and treating it so that at least part of the overburden was mined at no cost. Secondly, because up to 40% of the throughput of the mill was this so-called overburden, the tonnage of reserve ore which needed to be mined and treated in order to make a profit was reduced significantly. The successful treatment of this ‘waste’, thus reduced the proportion of overburden to ore and extended the potential life of the operation, but as Boyd subsequently pointed out:

39 The average grade mined up to 30 June 1933 was 8.5 dwts/ton. See Appendix G of this thesis.
40 Barker to A. A. Boyd, 2 May 1927. CAPCOL, Box M14/1251.17.
41 See Appendix G for tonnages mined throughout period being studied.
42 AGM, 23 November 1934 and AGM 23 November 1935. CAPCOL, Box M14/1283.14.
43 Eric Campbell, AGM, 23 November 1934. CAPCOL, Box M14/1283.14.
44 Campbell quoting Boyd at the AGM, 23 November 1934. CAPCOL, Box M14/1283.14.
It should never be lost sight of that the reserve ore is what the Company was formed to work; it is our life blood. If part of the overburden yields a profit, which it has kindly done in the past, good and well, but do not let us forget that after all it is but a side line.  

As some of these benefits disappeared or diminished after the first two years, the Company's efforts towards continued growth became more difficult.

The introduction of the selective flotation process had been a significant step and its immediate success in performing as Lennon and others had predicted from laboratory tests was largely due to the fact that the ore being mined in the first three years was relatively clean. While Boyd had been careful to select representative samples from the Old Company's discarded open cut for testing at Mount Isa, the fact was that the material tested had not been contaminated by the September 1925 underground fire. This lack of contamination had ensured the flotation reagents would have nearly perfect conditions under which to work, but the story changed as the Cut went deeper. It was soon found that the mine fire had not only partly burnt the forest of mine timbers in the old underground workings, but had roasted the sulphide ore still in place, causing significant changes to its chemical properties, generally making treatment difficult. It was also found that the ore from broken ground above the fire area was acidic, causing problems with corrosion of the plant and requiring large amounts of lime to produce the alkaline environment necessary for successful flotation.  

45 When resigning from the position of Chairman in 1941. AGM November 1941, RFBCOL.
46 Campbell mentioned some of these difficulties at the AGM in 1934. CAPCOL, Box M14/1283.14. Brian Lennon goes into great detail about the metallurgical troubles in his report Resumé of Milling Operations, 1932-1952. CAPCOL, Box D15/359.5.
realised for the first time the mistake the Company had made when it sold off the Marmor lime quarry.

While there were these technical problems, there were only moderate gains in metal prices to offset changing industrial conditions. Before the start-up, the price of gold and copper had risen, principally because of the devaluation of sterling, but having reached £8 an ounce and £37 a ton respectively in 1934, prices did not rise substantially over the next four years. While the long years of the shut-down in the middle of the great depression had given the Company a near-perfect industrial climate in which to start the Mine, and while the industrial attitude of the workforce still remained stable, with no major disruptions to production because of industrial problems, conditions were soon to change. The granting, by the Queensland Industrial Court in December 1935 of a 40 hour week, an increase of 10% in the hourly rates and a fortnight's paid holiday leave a year resulted in a total direct increase of 14% in the wages bill. The 40 hour week made it difficult to maintain sufficient ore supplies to the Concentrator without working considerable overtime in the Open Cut, raising costs still further. This brought conditions in the Open Cut back almost to those outlined by the Royal Commission, 1930 where overtime costs to maintain continuity of production were quoted. The Concentrating Plant operated continuously, but the effects of increases in wages in this section were minimised by smart rostering of

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47 This was Boyd's trump card when he started milling. "I hope ... to quarry ore above the average value ... if our present exchange and premium on gold holds." Boyd to Thompson, 14 October 1932. CAPCOL, Box M14/1251.17.

48 On 10 March 1930, the Australian pound was devalued in terms of English currency. The exchange rate was then £104. 2s. = $100. By April 1931, the rate was £130. = $100. Robinson, J. H. Scullin, A Political Biography, p. 227 and p. 339.

49 AR 1934, p. 6.

50 By 15 September 1938, gold had risen to £8. 10. an ounce and copper was valued at £50 a ton. AR 1938, p. 4.

51 CAPCOL, Boxes D15/282-288 contain information on the industrial awards and industrial hearings from 1933 to 1940.

52 This is discussed in chapter one of this thesis.
continuous shift workers. Overall, an indirect consequence of these improved wage conditions was the effect on the premiums paid for Worker's compensation Insurance payments which also rose by 14%.

In order to offset these increases in labour costs, it was necessary to increase the weekly tonnage mined and treated. This involved improvements in the handling of ore in the Cut and the installation of new ball mills in the treatment plant, so that by June 1935, tonnage had already reached the equivalent of 5,000 tons a week. Central to increasing production and decreasing cost was the introduction into the open cut of mechanical shovels to replace the pick and shovel method of loading the ore into the small rail wagons for carting out of the mine. Without this equipment it would have been virtually impossible to maintain the tonnages of overburden required. The use of this type of equipment was not new to Mount Morgan, the old Company used steam shovels for this purpose as far back as 1902, but had disposed of them when serious operations in the Cut ceased in 1912. In early 1933, a Caterpillar track excavator was bought from the Bunnerong Power Station in Sydney and soon set about getting the open cut into order.

When Boyd put forward his 'seven million ton' scheme on 22 July 1937 in order to release the remainder of the original ore reserves inherited by the Company, his foresight was demonstrated in a scheme

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53 Kerr, Mount Morgan: Gold, Copper and Oil, p. 133 has an excellent photograph of the big Bucyrus steam shovel operating in the Open Cut prior to 1911. See also photograph three, chapter one of this thesis; this photograph shows the Whittaker shovel in the Open Cut.

54 Just before James Horsburgh returned to Mount Morgan as Assistant General manager, he was engaged by the Board to inspect these machine, BM, September 1933. In his GMAR of September 1936, McAskill said that "as working space became available [three 1 cubic yard Caterpillar type] steam shovels were introduced for loading the ore." His reference to 'Caterpillar type' machines was probably necessary for the older readers, because the original shovels used just after the turn of the century operated on railway tracks. AR 1936, p. 10.

55 The Company preferred to call this scheme the 'sixth cut'.

56 A copy of this scheme is filed in CAPCOL, Box D15/447.
to install an endless rope system in the Linda Shaft so that trucks of ore or waste could be loaded at the face and hauled right to the surface without the need of intermediate loading stations at either end of the shaft. He believed there would be over five million tons of this material below the Linda level to be removed over the next 20 years. It was unfortunate his scheme was not adopted because of difficulties encountered with the removal of waste from the lower benches some 25 years later.  

There is an interesting commentary, in Boyd's submission, about the attitude of most mining companies of the time in relation to the environment. Referring to the need to find dumping space "for the economical stowage of waste and residues", Boyd admitted that pollution of No. 4, No. 5 and No. 6 dams was sure to occur in wet weather from the drainage of mineralised dumps above the Horse Paddock. He pointed out that a cheap way of overcoming the effect of this pollution would be to take all the Company's fresh water requirements from No. 7 dam which is situated about a mile upstream of the Mine. As a more expensive solution to the problem, Boyd suggested that flood waters carrying polluted water could be made to by-pass the dams via a flume and a tunnel through the hill to Linda Creek. He believed that such an arrangement would result in minimal contamination of the dams and that

57 During the late 1940s and early 1950s, because the lower levels were not accessible by road, large tonnages of waste were hauled up the Linda Shaft and in 1961, when access to the Sugarloaf ore on the 750 level was blocked by a dyke [waste material], a small dragline was commissioned to haul waste to the 650 level for transport by motor truck. Boyd's proposal would have been one solution to these problems.

58 Waste from the Open Cut and residues from the proposed Oxide Plant. CAPCOL, Box D15/447.

59 The three dams mentioned are built on the Dee River within the Mine Freehold and at the time of Boyd's submission they contained fresh water. Boyd was proposing waste be dumped in the area formerly occupied by a paddock close by the Old Company's stables, hence the name 'Horse Paddock'. This paddock was immediately upstream of No. 6 Dam and extended across a small stream known as Dairy Creek, on the banks of which the Gordons, the original selectors of the Mine Freehold, had lived. The Oxide Mill was to be built on the eastern slopes of a ridge between Linda Creek and the Dee River, so any spillage from the plant could and did find its way into the River. See map three in chapter one for the location of these features. Photograph thirteen in this chapter shows No 4 and No. 5 dams.

60 No. 7 Dam [the Big Dam] remained the Company's only real source of fresh water until the Mine closed in 1990.
fresh dam water would still be available for the treatment plant. There was probably no thought in his mind that, in the first case, the overflow of these dams fed the Dee River, nor that in the second the polluted water would be dumped directly into the river. Boyd's only consideration was that alternatives existed to prevent the Company water supply being threatened. The first of these proposals was adopted, with the result that the three dams were lost to fresh water and the Dee River for miles down stream, already distressed by earlier discharge of water from the copper canals in Mundic Creek \(^{61}\) was further and irreparably polluted.

Before Boyd can be condemned for this lack of environmental concern, it must be remembered that he was merely mirroring the attitude of the times and it was to be several decades before there was any environmental awareness by the community. It should also be remembered that, while there was ample storage space for mineralised overburden to the west of the mine, locked away from the Dee River by the mountain ridges, the cost of haulage by steam or electric locomotives to these elevated dumps would have been prohibitive. Motor lorries were yet to be introduced and the relatively flat slopes needed for rail haulage would have needed a capital expenditure similar to that proposed by Barker for removal of material from the cut. The dumping of waste on Horse Paddock provided a practical solution because with

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\(^{61}\) The copper canals had been built in 1899-1901 to recover copper by precipitation onto scrap iron. Boyle, White and Wilson, "Mount Morgan, Queensland - Marvellous Mountain", p. 330. It is not known what happened to the spent liquor from the canals, but it is likely this was allowed to flow into the river. Boyd's precipitation boxes of 1929-32 worked on the same principle and polluted water was allowed to flow into the river when it was in flood. Boyd to Thompson, 26 June 1930. CAPCOL, Box M14/1282.17.
THE MOUNT MORGAN MINE.
Pre 1939.

No. 5 Dam in lower centre; No 4 Dam in lower right.

Photograph from CAPCOL

PHOTOGRAPH THIRTEEN
dump levels approximating those of the upper benches of the Cut and haulage distances short, existing equipment could provide low cost dumping. What proved to be a cost effective exercise for the Company condemned the river to pollution which may take a hundred years to remove.\(^{62}\)

In order to treat the large tonnages of low grade oxidised ore which existed as waste dumps from the old Company workings, as overburden in the Open Cut and as capping and ore outside the planned Open Cut perimeter, it was decided to construct a new treatment plant working on entirely different principles to the successful flotation plant in the 'Big Mill'. As has been discussed in preceding chapters, the selective flotation process was relatively new, but the use of cyanide to extract gold from oxidised ores had been successfully used since the late 19th century and it was one of the many variations of available cyanide circuits which was chosen. It had been originally intended to construct a 400 ton/day plant, but finally an 800 ton/day plant, approximately equal in capacity to No. 1 Mill, was constructed at a cost of £125,000. This new plant produced gold bullion, realisable in Australia, with payment much earlier than for the gold contained in the concentrate smelted in America.

Not all the shareholders were in favour of the decision and at the 1936 Annual Meeting, shareholder Breckenridge,\(^{63}\) voiced his concern about

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\(^{62}\) When the Mine closed in November 1990, the pollution caused by the dumping of waste rock in the areas proposed by Boyd, and effect of the accidental, and sometimes deliberate, dumping of residue from No. 2 Mill into the river well after Boyd's death continue to be a major problem. Pollution of the river by overburden dumps has been the subject of numerous studies by the Queensland Department of Primary Industries Division of Water Resources and by researchers of the Department of Biology of the Central Queensland University. The history of recent problems is contained in a paper, Carol Gistitin and R. F. Boyle, "Mount Morgan, Queensland, A New Beginning", *Transactions of Multi-Disciplinary Engineering*, vol. GE17, December 1993, pp. 119-127.

\(^{63}\) Breckenridge, had been one of the directors of Discount and Finance Ltd. Guardian, 13 October 1930, clipping in MML 'tin trunk', CAPCOL not yet catalogued. Breckenridge was a major and outspoken shareholder who was later to clash verbally with Eric Campbell during the 1938 AGM. This matter is covered fully in chapter five of this thesis.
current events in Europe and China and asked to be assured that:

the policy of the Board would be directed towards extracting from this wonderful proposition we have got, the largest possible returns in respect of value in the immediate future, leaving the remote future to look after itself. 64

While Breckenridge worried about how long the good gold price would last, he expressed the concern that the treatment of low grade ore would take too much time from the technical staff, detracting from the returns from the main ore body. 65

The appointment of forty-seven year old Allan Fergus McAskill to replace Boyd in July 1935 at the beginning of a massive program of engineering capital works was an excellent decision. McAskill was a mechanical engineer with almost 20 years experience as Chief Engineer of the Junction North Mine at Broken Hill and as Chief Mechanical Engineer at Mount Isa Mines. 66 With his mechanical engineering background he was ideally suited to oversee a construction program costing £250,000. His selection was surely not coincidental given that both Tom Owen and Boyd had been at Junction North during the first years of McAskill's time there. In the building of this new treatment plant, Owen's influence appears again, with McAskill reporting to the Board that Mr J. S. Johnson who designed the plant and supervised its erection was there as "representing Mr T. M. Owen, Technical Adviser to the Board". 67 Just how much Owen was involved behind the scenes is difficult to determine.

64 Breckenridge at the AGM, 3 December 1936. CAPCOL, Box M14/1283.13.
65 This was neither the first nor the last time shareholders put forward such sentiments, particularly when it came to opposing the Company's policy of advance overburden removal which eliminated the payment of dividends to ordinary shareholders for a number of years. This attitude was expressed by another shareholder at the 1943 AGM when he said that in business circles "you do not hand everything down to posterity, the present generation is entitled to something". AGM, 28 October 1943, CAPCOL, Box M14/1284.1.
66 McAskill's application for membership of AusIMM, 11 January 1935, The AusIMM archives, copy in RFBCOL. See McAskill's biographical entry in Appendix B.
67 GMAR, 1937, p. 15.
When in February 1937 a claim for a royalty payment of £4,750 was made by Messrs Crossle and Duff as agents for the Merrill-Crowe cyanide process used in the new plant, Owen wrote a letter supporting Johnson's contention that "paying for the privilege of using this equipment seems a good deal like paying blackmail." Owen's letter was written from the same address as that on Johnson's letter-head suggests Owen's interest may have had more than that of a Technical Director.

Everything in the new plant was brand new, from the crushing station through the steel building, in itself an innovation since the oxidised ore, unlike the corrosive sulphide ore, did not require the building to be made of timber, to the new gold refining shed. After years of making do with the problems of additions and alterations to the old No. 1 Mill, the engineering and metallurgical staff must have thought their prayers had been answered, while a later historian has hailed the project as "a mark of prosperity". The Brisbane firm of Evans Deakin and Co. was entrusted with the manufacture of all the steelwork and with the erection of the plant at a cost of wages plus 15%. There have been crib room stories in Mount Morgan that the awarding of this contract to Evans Deakin put Alan McAskill at odds with the Board, leading to his resignation after only two years as General Manger but there is no evidence of this in the papers which survive. McAskill continued as a consultant to the Company for some time after his resignation and his contribution to modernising the Open Cut and to the smelting plant are

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68 Johnson to the Board, 16 February 1937. Owen to the Board, 25 February 1937. CAPCOL, Box M14/1285.4. Both letters were written from Broughton House, 181 Clarence St. Sydney.  
69 No. 1 Mill was constructed almost entirely of timber, with timber flooring, in order to resist the attack of the acid ore. Later extensions to No. 2 Mill building were in timber to accommodate the changing conditions when [acidic] pyrite was being produced. See copies of engineering drawings in the 'O' series held in CAPCOL.  
70 Kerr, Mount Morgan: Gold Copper and Oil, p. 195.
THE OXIDE MILL.

"A Sign of Prosperity."

Photograph from CAPCOL.

PHOTOGRAPH FOURTEEN.
The decision to build the Oxidised Ore treatment plant threatened to compound the problems of unreliable supply and shortages of power from the old power plant which had continued to cause so much concern\textsuperscript{72} so that at the February 1934 meeting of the Board held at the Mine, there was considerable discussion whether to spend money on the development of the Mine and Concentrator or to re-equip the Power Station. The meeting finally decided that a competent outsider should be commissioned to report on the power situation. The name of a Captain Brand was mentioned\textsuperscript{73} and it was resolved to plan a major program of updating the power plant based on his recommendations. As far back as 1923, the Old Company had experimented with the use of pulverised coal to fire its chain grate boilers while the experimental reverberatory furnace built after the 1925 troubles also used pulverised coal as its energy source. Adam Boyd reported to the meeting that the results obtained in the boiler were not very good because the boilers were too small for efficient combustion to take place but the furnace firing was so successful the Mine staff were convinced pulverised fuel should be used to fire any new plant.\textsuperscript{74}

\textsuperscript{71} AGM, 30 September 1937 and minutes of Technical Committee of the Board 7-8 March 1938. CAPCOL, Box D15/278.1.

\textsuperscript{72} Despite what Boyd had told the AGM in December 1932, most of the equipment in the Power station was past its useful life. Boyd later attempted to explain the reasons for the poor availability of supply and the poor unit costs. Boyd to the Board, 8 October 1934. CAPCOL, Box M14/1293.2.

\textsuperscript{73} The verbatim minutes of the February 1934 meeting record that the person recommended to report on the Power Station was ‘Captain Brand’ but Boyd recommended Mr Nolan of the [Brisbane] City Electric Light Department or if he was not available Mr Grant of Brisbane Tramways Power House. Boyd to the Board, 8 October 1943. CAPCOL, Box M14/1293.2. In later correspondence, Grant is variously referred to as Mr, Colonel or Lieutenant-Colonel Grant. It is reasonable to conclude that the reference to BRAND rather than GRANT in the minutes is either a stenographer’s transcription error, since the names are similar when written in Pitman’s shorthand or the stenographer misunderstood the name as spoken during the meeting. See CAPCOL, Box D15/386 for the minutes of the February 1934 meeting.

\textsuperscript{74} BM, February 1934. CAPCOL, Box D15/386.
The selection of pulverised fuel firing for two new boilers constructed in 1936 to provide steam for the new generating equipment installed to power the new mill put the Company far ahead of the Queensland electricity supply industry which clung to older and less efficient coal firing systems for a further 25 years. Perhaps the description 'new boilers' is a little generous, because when the boilers were constructed, the main components came from three of the 1913 vintage boilers left over from the Old Company's plant. Despite the inclusion of these old parts, the design represented the latest in boiler technology and when the first unit came on line on 13 January 1937 supplying steam to the new generating unit, the cost of producing electric power was reduced from 1.01 pence/kilowatt hour to 0.71 pence/kilowatt hour because of the greater thermal efficiency of the new equipment. When the operators became proficient in the operation of the new plant, the cost fell still further to 0.48 pence/unit. This reduction in cost represented a direct saving of £34,528 a year so that, apart from the added reliability of supply the new plant gave, the saving in power costs repaid the capital cost of £50,000 in about 16 months. Less than two years later, a larger turbo-alternator was installed to provide the increased level of power demand required with the addition of the new smelter but the saving in unit cost did not match that achieved in the initial re-equipping. However,

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75 When designing the Oxide Mill, it was decided to install modern electrical equipment using alternating current (AC) and to make a gradual change to this new supply, replacing the direct current (DC) supply then in use throughout the rest of the Mine.

76 The first power station built in Queensland by a public generating authority, to use pulverised coal to fire its boilers was the Callide A station at Biloela. This was built by the Capricornia Regional Electricity Board and commissioned in 1961. Bruce Hoffmann, Capricornia Electricity, private communication with the author, 25 September 1992.

77 McAskill to the Board, 22 January 1936. CAPCOL, Box M14/1293.2.

78 GMAR, year ended 30 June 1937. CAPCOL, Box D15/270.1.

79 AR 1937, p. 16. CAPCOL, Box M14/270.1.

80 This matter is referred to again in chapter six when discussing Campbell's contribution to the Company's success.

81 A 6,000 kW turbo-alternator was purchased from Brown-Boveri Ltd, Switzerland through Evans Deakin, Brisbane. See R. F. Boyle, Mount Morgan Limited - Plant Survey - Area six, Power Station, un-published report to MML, November 1984, vol. 17 of 18, section 3.5.
THE MINE POWER STATION - 1937.
Photograph from Mount Morgan, Queensland, March 1945.
PHOTOGRAPH FIFTEEN.
while general cost of operation had risen, the power station costs were still over £49,000 a year less than they would have been if the new equipment had not been installed. 82 Seven years previously Boyd had said the old Mount Morgan power plant was the largest in Queensland, now with an installed capacity of 9 MW of electric power and another 2 MW of compressed air plant, the Mine Power Station had a capacity over three times that of the Rockhampton power station. 83

With the Sixth Cut now operating, a start had been made on the remainder of the proven ore reserves, and although the payable overburden would extend the life of the mine beyond the original estimated term, it was good management to look for more ore in the immediate vicinity of the operation. Accordingly, the Company arranged to have a geophysical study made of the areas surrounding Mount Morgan in the hope of finding further ore bodies. This was the first attempt to explore the immediate region since 1914 when Colin Fraser, a young geologist whom W. S. Robinson had recommended, probably in an attempt to increase the worth of his client's Nagrom investment, started an investigation of the Mount Morgan ore body. 84 While another extension of the ore body was discovered, 85 it was not as a result of the geophysical survey as Eric Campbell was quick to answer a shareholders question at the Annual Meeting on 3 December 1936:

82 Calculated by taking the unit cost of the old plant (1.01d./kWh in 1936) less the unit cost with the new plant (0.55d./kWh in 1940) and multiplying the difference by the units generated in 1940. From the power costs reported in GMARs from 1937-1950, and using the above method, the author has calculated the accumulated savings had amounted to over £645,000 by the end of June 1950.


84 Blainey (ed.), If I Remember Rightly, p. 69.

85 CAPCOL, Box M14/1284.18 contains correspondence, reports and maps on the geophysical surveys which took place between 28 January 1936 and 10 October 1947.
It is humorous that we brought a Geophysical Surveyor all the way from Sweden with very wonderful instruments and we should find a new ore body so close to the existing one as to make his visit almost unnecessary. 86

Now that the Mine was approaching a sound future, Boyd, perhaps thinking of his own future employment, 87 proposed to the Board at the February 1934 meeting that the Company should be looking further afield for additional mining properties in order to expand its earning potential and secure its long term future. While recognising the importance of this expansion and giving some support to Boyd's proposal to investigate "prospects [if they] do come in", Owen, who argued that the Board's first responsibility was to the Mount Morgan operation, said:

I think we have a tremendous program here. We have huge bodies of ore and a tremendous amount of work to do. I do not think this Company in its present state would be wise in going into competition with other concerns. Therefore I would not be in favour of going into a desperate search for properties. 88

Boyd seems to have won his point with the registration, in December 1934, of Mount Morgan Developments Limited 89 and his appointment as General Manager of the new company just as he retired from active management of Mount Morgan. It was not long before Boyd's old

86 Campbell at AGM, 3 December 1936. CAPCOL, Box M14/1282.18 and in M14/1283.13.
87 It is obvious Boyd wished to continue some sort of work after his retirement from Mount Morgan. Campbell to Boyd, 2 July 1935. CAPCOL, Box M14/1251.11. This letter appears to have been a response to one from Boyd dated 27 June 1935 in which Boyd appears to have asked for office space [in Sydney Office] which Campbell said "may well be [that] the office space ... will be necessary for our own purposes." Campbell continued "As regards private practice, I think the Bobadah Company would be glad to avail themselves of your services."
88 Verbatim minutes of the February 1934 Board Meeting. CAPCOL, Box D15/386.
89 Campbell made the announcement of the establishment of Mount Morgan Developments at the AGM 23 November 1934. CAPCOL, Box D15/270.1. The Company had a nominal capital of 1,000,000 shares of 2s. of which 550,000 were issued. MML received 100,000 shares, while the Directors were Campbell, Crawford, Boyd, Morgan, Moore Owen and Wolff, all of whom were members of the Mount Morgan Board. Memorandum and Articles of Association, Mount Morgan Developments Limited, CAPCOL, Box M14/1293.6.
colleague and friend B. G. Patterson was recalled from his teaching position at Ipswich Grammar School to help with the new project.  

Once under way Boyd led investigations into almost 400 properties in Queensland, NSW, WA, Northern Territory, New Guinea and Fiji.  

Despite his earlier poor health, Boyd took an active part in exploration, sometimes in rugged country, in particular in Fiji during 1936, along with his Field Superintendent, Noel Kirby. The venture was short-lived with little reference to the exploration being conducted appearing in the minutes of the parent company. Apart from its exploration projects, the Developments Company invested in only one mining prospect and that investment was a disaster. In 1937, £6,000 was invested in Sulphide Gold (Junctions Reef) Limited which operated a small gold mine near Orange, NSW but this poor investment may well have provided the final decision to close Mount Morgan Developments.  

When the number of prospects investigated is considered, there is no

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90 At the February 1934 meeting Boyd had been authorised to look for a suitable person at a salary of £400 a year. CAPCOL, Box D15/386.  
91 Some of the areas investigated and rejected have became payable operations. It is interesting that one of the prospects investigated was in the Tennant Creek area of the Northern Territory, the area later mined by Peko Mines Ltd which in 1968 took over MML.  
92 Kirby describes his position as 'Field Superintendent' in his application for transfer to the grade of Associate Member of The AusIMM, 8 April 1940. Noel Kirby spent a lot of time with Boyd during the Fiji venture. Kirby said Boyd had always endeavoured to maintain activity and that some of the sites being prospected were 'pretty tough', but Boyd "used to try to keep in touch [even though] we had to walk to some of the places and he was very tough and tried to cover the difficult traverses. He did it." Noel Kirby, OH with R. F. Boyle, 3 October 1992.  
93 Exploration continued for only about three years. The company was struck off the NSW Company Register on 7 January 1948, memo from Company Secretary, 7 January 1949. CAPCOL, Box M14/1293.6.  
94 Except for a minute which recorded "The Chairman reported he had spoken to Mr Boyd on his need to become involved in the investigation of new projects".  
95 Sulphide Gold was registered in Sydney on 20 May 1932 with a nominal capital of 500,000 shares of 2s. each and by coincidence the Solicitors handling the affairs were Campbell, Campbell and Campbell. Notice of the removal of Sulphide Gold from the NSW Register of Companies was given in the NSW Government Gazette, No. 66, 7 July 1944, p. 1176. A letter circulated at that time by the former secretary of the company stated "The company has been inactive for some years and had no assets whatever. No dividends were ever paid by the Company." Frank Beggs, who had been Morgan John's Assistant Engineer in 1932 was Mine Manager of Sulphide Gold from 1935-1938. For Beggs biographical entry see Appendix B.  
96 MML was caused some embarrassment through Developments' investment in Sulphide Gold and this matter will be discussed in chapter six of this thesis.
doubt Boyd and his Developments team worked hard during these three years but there is also no doubt the venture was doomed from the start. Firstly, the Board had been luke-warm about the scheme, secondly there really was not the capital available to fund Boyd's expansionary vision, thirdly there were mutterings from the shareholders about money being diverted from their [tax-free] dividends to distant exploration and finally Boyd was not the right man for the job. Over half a century after the event, Noel Kirby believes that the Developments company "did not have the structure" nor the technical expertise to carry out the "great vision". The quotation at the head of this chapter says it all - Boyd did not have the technical experience as an exploration leader, nor did he have the temperament to commit funds over long periods of time to ensure the success of his exploration. Kirby further comments that to succeed, an exploration company needs the type of leadership given by Lindesay Clarke to Western Mining Corporation. He points out that Clarke had committed funds to build up a superb team of local and international geologists, had continued exploration through depressions and wars and consequently put Western Mining into the top bracket of mining companies in Australia. Mount Morgan Developments Limited did not have such a leader nor such a policy.

The three years as leader of the Company's exploration push can hardly be described as a triumph for Boyd and emphasises the fact that while he was a highly respected and capable mining engineer, a competent operating manager and an extraordinary technical visionary, he was not

97 Kirby said "I was a very young man at that stage and ... I was quite inexperienced in the field of what we were doing." Noel Kirby, OH with R. F. Boyle, 3 October 1992.
98 Kirby's comments about the success of Western Mining Corporation reinforce the speculation in chapter three about Mount Morgan's future path had W. S. Robinson's Collins House Group acquired Mount Morgan in 1930. See also article "Easy to sit on gains, but for miners rewards are for seekers", The Australian, 13 June 1967. This article compared Western Mining's 84% of profit spent on exploration with Mount Morgan's 3.9% during the same period.
an entrepreneur. Perhaps it was as well that Boyd continued to interest himself in the day-to-day running of the Mine so that at the end he had something to show for this period of his life. With the end of the Developments Company and at the age of 72, Boyd was to assume even greater responsibility as Chairman and Managing Director of the Company, but in this task, requiring entrepreneurial as well as management skills, Boyd was to be found wanting yet again. Whereas Boyd had willingly assumed the leadership of exploration, and in fact had engineered his appointment to the position, his acceptance of the top Board position was forced upon him out of a sense of duty following the sudden and involuntary resignation of Eric Campbell from the Board. 99 Quarrels within the Board and the difficulties imposed upon management in the early days of World War Two were problems Boyd was to face as the rewards diminished and the prospects faded.

99 Boyd's management style was the subject of a report by a group of New Zealand shareholders in 1941. This report and Campbell's resignation are discussed in chapter six of this thesis.
CHAPTER FIVE.

‘THE HIGH COMMAND WITHOUT ITS COLONEL’.

I would like to say that although I sat in opposition to ... the late Board, ... I offer no criticism for the conduct of the Mine. I believe that the work done there in recent years is a great credit to the management and the staff and the technical Advisers. ¹

Whereas Adam Boyd's technical expertise and meticulous planning had been the reason for the Company's operating success, the fact that he lived in Central Queensland, so far from Sydney, one of the financial centres of Australia ² had prevented him from making detailed contributions to the day-to-day financial business of running the Company and so, indirectly, had denied him the opportunity to gain valuable experience in this field. On the other hand, from the beginning in 1929, the most powerful Board member had been Colonel Eric Campbell.³ As has already been demonstrated, Campbell's position on the Board was strengthened by his control of Discount and Finance Ltd, the company which had underwritten a large part of the Company's initial finance, while Campbell's supreme confidence and even arrogance had ensured he could dominate the Board. Campbell's influence on the course of political events in New South Wales during the

¹ J. Malcolm Newman immediately after his election to the Board, AGM, 27 October 1938, CAPCOL, Box M14/1283.17.
² Melbourne was the other major centre, with many of the mining companies, for example the Collins House Group, based there.
³ As shown in chapter two, Campbell had frequently by-passed R. T. Thompson, the Managing Director, in dealings involving the possible investment in the Company by other investors and as Deputy Chairman had assumed much of the control which should have been the responsibility of J. H. Kessell, the out-of-sight Brisbane based Chairman.
period 1930 -1932, culminating in the dismissal of Premier Lang by Governor Sir Philip Game, has been fully documented by others but scant and insufficient attention has been paid by these authors to the significant contribution made by this maverick character to the business success of a number of companies, in particular to that of Mount Morgan Limited. Campbell's distinct, if somewhat abrasive, management style provides a previously unexplored side to his character and this will be the subject of discussion in this chapter.

Campbell left the Board unwillingly at the end of June 1938, with criminal charges laid against him as a result of his management of another company and although there were incidents in his Mount Morgan career which paralleled the bases of these charges, it will be of more significance to discuss one of these incidents in chapter six. It will be demonstrated that, even after he left the Mount Morgan Board, Campbell was to cause problems for the Company because of the management void left by his departure and because of his direct intervention, as a private shareholder, in Company matters while attempting to regain a place on the Board. It will be argued that a take-over bid for the Board by a group of shareholders would have had less chance of success had Campbell not been forced to resign in June 1938, thus exposing the Company to bad publicity. It is likely the Board was still attempting to stabilise its position when the attacks began and that it was still unsure of its own future policy.

Campbell's nine year membership of the Mount Morgan Board came to a sudden end with his resignation on 24 June 1938, but the foundation for the

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4 Campbell in *The Rallying Point* and Amos in *The New Guard Movement 1931-1935*. Also covered in chapter two of this thesis.

5 Even the *ADB*, 1891-1939, vol. 7, pp. 546-547, devotes only one line to Campbell's business interests, while devoting the remainder of a 149 line biography to the more sensational areas of Campbell's political career.
events which had caused him to take this decision had been laid almost five years before and had been gradually built on over the intervening years. As far back as the beginning of 1932, one of Campbell's several directorships was as Chairman of Du Menier Laboratories Limited, a company set up by Australian Soaps Ltd for the purpose of marketing Titrol soap.

Also on the Du Menier board were Henry Robert Gough, Herbert William Lloyd and Richard Arthur Duesbury. Some time prior to September 1933, Campbell and his fellow directors Lloyd and Duesbury had exercised their right to take up a total of 4,500 Du Menier £1. shares on payment of 1s. call, but when it became apparent in November 1933 that Du Menier was in financial trouble, they looked for a way to renege on the payment of the remaining 19s. In the privacy of the board room, they took an action which was to have repercussions for all three, but which especially contributed to Campbell's downfall.

Publicly, the trio's next attempt to achieve this forgiveness of liability was made when they applied to the N. S. W. Equity Court in a consolidated hearing of three separate motions seeking to have their names "removed from the list of contributors of Du Menier Laboratories (in liq.)". In making this plea, the applicants appeared before Mr Justice Long Innes and the litigants came to an apparently satisfactory agreement. Campbell was unfortunate it was Long Innes who presided at the hearing because the judge, described as "grave and rather austere with a proper sense of his

6 SMH, 6 April 1939.
7 Lloyd had a long and distinguished military career before entering business, he had been a Member of the New South Wales Legislative Assembly and Deputy General Officer Commanding the New Guard. Who's Who in Australia, Sydney, International Press Service Association, p. 1142-1143. Amos, The New Guard Movement 1931-1935 lists the Officers of the New Guard in Appendix 2, p. 117.
8 Duesbury's occupation is shown in the criminal charge details as Accountant, SMH, 9 June 1938, p. 11.
9 Report on proceedings of the criminal hearing in the Full Court of NSW, SMH, 6 April 1939, p. 15.
10 A search in the Legal Section of the State Library of N.S.W. failed to discover details of the agreements made.
own dignity” and “[in court] his attitude was dogmatic to the point of arrogance”, appears to have been of identical character to Campbell. There is no reason to suspect that Campbell would have paid the deference due to Long Innes during the hearing and this no doubt would have upset the judge. At the conclusion of the hearing, based on what he saw were shortcomings in their evidence before him, Long Innes refused to keep secret the details of the agreements made in Equity, recommending the prosecution of Campbell and his associates. There is always the possibility that, as suggested later by Campbell, the attack on him went further than personal animosity, but it is unlikely this allegation can ever be proved.

The prosecution was based on an allegation by Long Innes that the three had conspired [inter alia]:

- to pervert the course of justice and to cheat and defraud Du Menier Laboratories Limited ... of large sums of money ...
- and of the rights to obtain payment ... of 19s per share on 4,500 shares.

Campbell, Lloyd and Duesbury were arrested and charged with the offences alleged by Long Innes on 8 June 1938. It is an interesting comment, either on the procedure followed at each of the police stations where they were charged, or on the social standing of each defendant within the community, that different procedures were followed for Campbell and Lloyd on the one hand and Duesbury on the other. Campbell and Lloyd were charged at the Central Police Station, were escorted straight to the charge room but were not placed in the dock “as is the case with nearly all prisoners, nor were they searched”. By contrast, Duesbury, who was charged at the Kogarah Police Station, had to follow the “usual routine

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12 Details of the charge were printed in full. SMH, 9 June 1938, p. 11. See also Appendix E.
13 Campbell and Lloyd were, however, fingerprinted. Report of the arrest of Campbell, Lloyd and Duesbury. SMH, 9 June 1938, p. 11.
applying to prisoners, including the taking of finger prints ... he spent nearly an hour in a cell".  

The immediate effect of Campbell's arrest was that he resigned from the Mount Morgan Board, subsequently claiming that he had voluntarily resigned "acting with the advice of the other directors" to answer the charges brought against him. In fact as will be shown in chapter six, this was only partly true, the major cause of his resignation being his failure to survive a motion of no confidence in him as Chairman, passed at a meeting of the Board the previous week, after he had revealed that a former Mount Morgan Limited employee had embezzled funds some two years previously. Campbell's joint positions were reluctantly filled by Boyd on the understanding that it was for a limited term, his acceptance again putting aside any thoughts he may have had, at 72 years of age, of retirement. The fact that Boyd lived at Emu Park and the Company head office was in Sydney imposed the further burden of regular travel on him.

The Campbell trial began on 12 September 1938 and in essence related to an allegation by the Crown that, in November 1933, when it became obvious that Du Menier Limited was headed for liquidation, the defendants had falsified the minutes of board meetings of 23 September 1933 and 19 October 1933 to offset their share call liability against deferred expense allowances and salary increases. The minutes of 23 September show that the first business was to reduce the quorum to two, thus allowing two directors to vote on the third's remuneration. Campbell moved and Duesbury seconded that Lloyd's salary be increased from £250 to £1,000 a year, then Campbell proposed and Lloyd seconded that Duesbury's salary

14 *SMH*, 9 June 1938, p. 11.
15 Press release by Campbell, as approved by the board. BM, June 1938. CAPCOL, Box D15/386.
16 See chapter six of this thesis for a discussion of this embezzlement and the effect it had on Campbell's career.
be increased to £750 with car allowance of £2 a week. It was further alleged that the 23 September meeting was never held. There was also some doubt whether the 19 October meeting had been held, although minutes purporting to be those of this meeting showed that Duesbury moved and Lloyd seconded that Campbell be paid £2,000 special fee for his work in promoting Titrol soap during an overseas trip made in early 1933.

It was alleged by the Crown that both meetings, if indeed there were meetings, were held without the knowledge of the fourth Director, Henry Robert Gough, who had also been Chairman of Australian Soaps since 7 September 1933 and a Director of Du Menier since its formation in early 1932. Gough performed badly as a witness, either deliberately acting as though he was confused or in reality confused as to the extent of Australian Soaps investment in Du Menier. Although his evidence did not reveal his reasons, it was apparent that Gough had sought to remove Campbell, Lloyd and Duesbury from any connection with Australian Soaps and under cross questioning, he admitted that his intention at a board meeting of 19 September 1933 was “to get that money from Campbell paid into the Company, which was not paid in”.

The defendants were cleared of the charges, but there was still sufficient doubt in the mind of Long Innes for him to allege that Campbell had perjured himself during the trial and this led him to institute further proceedings against Campbell. Details of the case and some of the comments made during the proceedings, covered fully by the Sydney

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17 This allegation has a parallel with the incident discussed by Wolfenden in relation to claims for refund of monies made by R. T. Thompson. See chapter two of this thesis.
18 SMH, 15 September 1938, p. 13.
19 The evidence given by Gough was reported in full. SMH, 22 September 1938, p. 8.
Morning Herald, provide important information about Campbell's character, while later in chapter six other facts reported by a delegation of New Zealand shareholders will cast further doubt on the correctness of the acquittal of the three.

With Campbell now off the Board and fighting in the court to prove his innocence, a group of Mount Morgan shareholders, sensing the time was right to make a bid for control of the Company, mounted a publicity campaign attacking the past performance of the Board and seeking to overthrow it. With dividends of over £370,000 paid in the preceding five years and with a proven reserve of ore ahead of it, the Company must have appeared to be attractive to those with an eye on membership of Boards of Directors. Equally important would have been the desire by many to maximise the immediate return on their investments while not appreciating the need for forward development if the mine was not to find itself restricted in the amount of ore available to it in the future. In this they seem to have seen a seat on the Board as a way of redressing what they regarded as mismanagement.

About three months after Campbell's resignation from the Board the first of a series of circulars, signed by W. M. Hall of the Brisbane firm of solicitors Hall, Chadwick and Co. appeared. Hall described himself as "Secretary for a group of Dissatisfied Shareholders in all States of Australia, New Zealand and the United Kingdom", and these circulars supported the candidature for election to the Board of William Joseph O'Sullivan nominated by the former

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20 Much of the trial was reported verbatim and the evidence clearly highlights Campbell's character. SMH, 13-22 September 1938, 28-29 September 1938, 1 October and 8 October 1938.

21 This amount is calculated from the table "Summary of Dividends", which formed part of the papers prepared on 6th July 1947 for an Industrial Court hearing. CAPCOL, Box S 54.

22 Copies of the circulars and ballot papers sent to shareholders, 7 July 1938 to 27 October 1938 are contained in CAPCOL, Boxes M14/1283.14, 15 and 16.
Managing Director R. T. Thompson and of Arthur William Fadden nominated by major shareholder and Brisbane businessman T. C. Beirne. Thompson still held 20,900 shares and it is possible in supporting this nomination, he may simply have had scores to settle over his treatment by the Board when he was forced to resign from his position. Beirne held 8,301 shares and, with O'Sullivan's holding of 9,771 shares, these three alone controlled only slightly more shares than Boyd's personal investment. O'Sullivan led the attack and had spent the previous two years lobbying for support from other shareholders for his views that there were problems in the affairs of the Company. It was only after he was satisfied he had sufficient evidence of strong shareholder dissatisfaction that he decided to make a move.

It appears that O'Sullivan may have been encouraged by a series of newspaper articles which criticised the Board's handling of the Company's affairs. The circular of 1 September quoted The Investor's Review Weekly of 10 June 1938 which criticised the reluctance of the Board "to make any pronouncement on the existing position" and asked "why this absurd secrecy" suggesting that [the Board should realise] "the shareholders are owners and directors are their representatives". The article went on to say that during the preceding four years, shareholders had seen actual policy and operations contradict the promises given at the Annual Meetings.

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23 For biographical entry on O'Sullivan, see Appendix B.
24 Beirne had been the businessman who had been conditionally willing to lend the Company £15,000 to start operations. See chapter two of this thesis.
25 Thompson's original holding was 5,000 shares of £1 and as the shares were split into 5s. shares following the AGM, 23 November 1934, he obviously had slightly increased his original holding. AGM, 23 November 1934. CAPCOL, Box M14/1281.14.
26 At 30 June 1938, Boyd held 36,224 shares; with those of his son Eric and his daughters Enid and Gwynned he controlled 119,440 shares or 5.7% of the ordinary capital. MML, return of members, NSWSA, File 5/3392A. See also summary of shareholders for 1938, CAPCOL, Box M14/1283.17.
27 Hall Circular, 18 October 1938. CAPCOL, Box M14/1283.14.
28 The Investor's Review Weekly, 10 June 1938, quoted in the Hall circular of 1 September 1938 and again in a revised circular of 12 September 1938. CAPCOL, Box M14/1285.14.
It was argued that shareholders had never been fully acquainted with changes in the Company's outlook and there had been a "grave discrepancy between promise and performance". 29 In the lead up to the Annual Meeting, the shareholders were badgered with two more circulars both issued in rebuttal of counter statements issued by the Board. 30 Each of the Hall circulars made the point that 'new blood' was required on the Board and assumed that the shareholders wanted to change the composition of the Board.

There were three vacancies on the Board, two caused by normal rotation and the third by the resignation of Campbell. Retiring members Tom Owen and O. F. J. Wolff offered themselves for re-election while Boyd and Owen had nominated R. J. D. Richardson, a Director of Austral Malay Tin Limited 31 to fill Campbell's position. In a 12 September revision of Hall's first circular, the name of wealthy mining engineer and former Old Company employee James Malcolm Newman was added to the list of aspirants to Board membership. 32 Newman and Fadden had a short time previously acquired 500 shares, the minimum share holding needed to qualify them for election to the Board. Complicating the election even more, Eric Campbell, by now cleared of the conspiracy charges but not yet subjected to Long Innes' further attack, also decided to offer his name thus making seven contenders for the three positions.

While the circulars listed a number of complaints about the way the Company was being controlled, by far the greatest criticism of the existing

29 Hall Circular of 1 September 1938. CAPCOL, Box M14/1283.14.
30 The Board responded to the Hall circulars on 20 September 1938 and 10 October 1938. CAPCOL, Box M14/1285.14.
31 Eric Boyd, Adam's only son was a member of the Board of Austral Malay Tin Limited. See Eric Boyd's application for transfer to the grade of Member of The AusIMM, 11 February 1946.
32 For Newman's biographical entry, see Appendix B. The revised circular of 12 September 1938 is in CAPCOL, Box M14/1285.14.
Board was of its handling of an issue, completed on 15 August 1938, of 200,000 8% Redeemable Preference Shares of £1 each. Eric Jack Morgan, a Mount Morgan Director and Melbourne sharebroker, was invited to underwrite the issue for a fee of 5% or 1s. a share. This decision appears to have rankled shareholders, because right through the campaign and even after the election, reasons given for wanting new Directors were that there were too many sharebrokers on the Board creating a situation which Newman said "must have been unique in that there have been three sharebrokers out of seven members".

The first circular, in criticising Morgan's involvement in the issue, quoted Smith's Weekly of 19 February 1938 which asked why the Company had wasted £6666. 13s. 4d. of the shareholder's money to underwrite an issue "when success is obvious". What was most damning was the allegation by the journalist that Morgan would clear 8d. a share even given that he may have had to pay 4d. commission to other stockbrokers sending in clients. Maintaining the attack, the second circular of 5 October 1938, quoted another article from The Investors Review Weekly of 31 July 1938 which was critical of the operations of the Mount Morgan Developments Limited and its relationship to the New South Wales mining company, Sulphide Gold (Junctions Reef) No Liability.

The Board made an attempt to explain its position on 10 October only to receive the third circular from Hall quoting extracts from The Bulletin of 12 October and The Investors' Review Weekly of 15 October. The Bulletin

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33 Morgan had joined the Board in November 1933 and in 1938 held the minimum 500 shares. See summary of shareholders for 1938, CAPCOL, Box M14/1283.17. For Morgan's biographical entry, see Appendix B.
34 Newman at the AGM, 27 October 1938. CAPCOL, Box M14/1283.17.
36 Hall's circular of 5 October 1938. CAPCOL, Box M14/1285.14.
37 Hall's circular of 18 October 1938. CAPCOL, Box M14/1285.14.
article questioned the Company's accounting procedures in relation to the way it reported costs of depreciation and mine preparation for the year, while The Investors Review Weekly continued its attack on Morgan, alleging he was mounting a "backdoor campaign" by advising clients to vote in favour of Messrs Wolff, Owen and Richardson. In urging the voters to elect new Directors, it was stated that it had been gross mismanagement to pay dividends when funds should have been conserved for the development of the Mine\(^3^8\) and to allow money to be squandered in investigating other properties.\(^3^9\) In urging the shareholders to support the O'Sullivan group, the article suggested that Boyd's supporters were using scare tactics by threatening the introduction of new people would jeopardise the future of Boyd's plans for the Mine. In a final criticism of the old Board, the article concluded that the Board's whole policy has been "the quintessence of misguided folly"\(^4^0\) and urged shareholders to elect new directors if they had any regard for their own interests.

When the books closed for the Annual Meeting, New Zealand shareholders collectively held 25 % of the shares, while those in the United Kingdom owned a further 21 %.\(^4^1\) It is clear O'Sullivan's efforts through Hall's circulars to gain sufficient proxies for his group, no doubt aided by these newspaper opinions, paid off. The campaign was successful and when it became clear at the Annual Meeting on 27 October 1938 that the O'Sullivan group had collected sufficient proxies to ensure the election of Messrs Fadden, Newman and O'Sullivan, the Chairman announced that Messrs Owen, Woolfs and Richardson had withdrawn their nomination.

\(^3^8\) An allusion to the 1938 preference share issue.

\(^3^9\) And especially through Mount Morgan Developments Limited and its investment in Sulphide Gold (Junction Reefs) NL.

\(^4^0\) The Investor's Review Weekly, 15 October 1938, quoted in Halls' circular of 18 October 1938. CAPCOL, Box M14/1285.14.

\(^4^1\) MML, return of members, NSWSA, File 5/3392A. See also summary of shareholders for 1938, CAPCOL, Box M14/1283.17
Immediately after this announcement, Eric Campbell also withdrew his nomination in an impassioned and somewhat reckless speech during which he retraced his involvement with the Company from its beginnings and his considerable contribution to its success.  

Chairman Boyd made a serious mistake when after accepting the withdrawal of all four candidates, he announced that there was no need for a ballot because the challengers had sufficient proxies to ensure their election. Despite the fact that there were only three candidates to fill three vacancies, the legal requirement was that a poll should have been taken, nevertheless, he declared O'Sullivan, Newman and Fadden elected to the Board. Perhaps, after the attacks by shareholders present on the Board's policies and in the confusion which no doubt prevailed after Campbell's fiery outburst, Boyd wanted to get the matter out of the way as quickly as possible. It is also possible that the Board did not have a legal adviser present at the meeting to ensure proper procedures were followed.  

The seriousness of Boyd's error does not appear to have been discovered for some time and although the facts of this election are recorded in the minutes of a special meeting of the Board held on 5 March 1940, the error was not disclosed to the shareholders until the Annual meeting of 1 November 1940 when it was announced that the Company solicitors had advised that the 1938 election had been invalid. The solicitors may have

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42 Campbell's contribution to the success of the Company is discussed later in this chapter.
43 Led by Fadden and an unidentified shareholder. Verbatim report of the AGM, 27 October 1938. CAPCOL, Box M14/1283.17.
44 When Campbell was Chairman he, as a solicitor, would have been aware of proper procedure. The minutes of the meeting do not list the names of those attending, so it is not known if the Company solicitors were present. Later AGM minutes show the Company Solicitor was always present, however another election dispute arose after the 11 December 1939 AGM. This matter is discussed in this chapter.
45 The meeting was called by O’Sullivan to discuss this development, attended by the ‘illegal’ members but was boycotted by the ‘old Board’. BM, 5 March 1940, CAPCOL, Box D15/387.
46 The 1940 AGM agreed to confirm the election of these Directors and to ratify all acts done by them in the two years since 27 October 1938. CAPCOL, Box M14/1283.28.
realised the mistake and raised the matter only after another procedural
error by Boyd at the 1939 Annual Meeting. ⁴⁷

The election of O'Sullivan and Newman began an association with the
Company which was to last for 24 years, for 14 years of which Newman was
Chairman. Arthur Fadden, soon after to become Prime Minister for a short
period, resigned on 10 January 1941 because of his political
commitments. ⁴⁸ Appointed to replace Fadden was the man he helped to
oust - Tom McKellar Owen. This appointment was not without opposition,
however, as O'Sullivan showed he had not changed his mind about
Owen's suitability when he refrained from voting on the motion to appoint
Owen. ⁴⁹ Owen's appointment was confirmed at the next Annual Meeting
and he remained with the Board for another 24 years. ⁵⁰

While it appears on the surface that the battle for control of the Board was
an interesting interlude which did not greatly involve Campbell, except as a
candidate for election, the truth was that Campbell was very much a serious
player in this drama. Firstly, while there had been dissatisfaction among the
shareholders and previous Annual Meetings had recorded critical
comments from those individuals who had from the beginning complained
each year, no one had the courage to challenge Campbell while he was
Chairman. Secondly, while it was before Campbell resigned that The
Bulletin and The Investors Review Weekly had criticised Morgan for his
acceptance of the commission on the preference share issue and the Board

⁴⁷ In declaring E. Byron Moore and E. J. Morgan elected. The matter is discussed later in this
chapter.
⁴⁸ Fadden was Acting Prime Minister from the end of January 1941 to the end of May 1941, during
Prime Minister Menzies' absence overseas. Fadden, They called me Artie, pp. 49-59. Fadden was
Prime Minister, from 29 August 1941 to 7 October 1941. Ross, John Curtin, a biography, pp.
213-222.
⁴⁹ BM, 6 March 1941. CAPCOL, Box D15/387.
⁵⁰ Until the AGM, 8 November 1962 when he resigned from the Board. AGM, 8 November 1962,
RFBCOL.
for poor management of the Company's funds, the ultimate responsibility for all the matters raised clearly was Campbell's as Chairman for the period being attacked. The criticisms had gone unanswered by Campbell and it was only after he left that they assumed importance as weapons for the marauding shareholders to use against the Board.

Even given the implied criticism of him in the circulars and articles, Campbell's outburst at the 1938 meeting was not directed at the Company critics, but towards those whom he saw had unjustly placed him in the position of having to defend his name in court, a situation which had forced him to resign from what he described as "a very lucrative [position] having years to run". Saying he had been too occupied with his own affairs in the time leading up to the meeting to properly circulate the shareholders for support of his nomination, but in intending to seek their support again when an opportunity presented itself, he wished the Board every success in the twelve months ahead. Despite his outward show of ignoring them, the criticisms had hurt him and as will be shown in chapter six, this hurt was to surface some three years later in bitter and at times irrational attacks on the Company.

In outlining the circumstances which led up to his resignation, Campbell attacked the judiciary, claiming that his being charged with conspiracy to defraud was "a disgraceful object of the mal-administration of justice" and that he had been

the victim of an inexcusable judicial blunder - a blunder which was taken advantage of by certain sinister influences that were behind it.

51 AGM, 27 October 1938. CAPCOL, Box M14/1283.17. Details of Campbell's remuneration as Chairman and Managing Director are discussed in chapter six of this thesis.
52 AGM, 27 October 1938. CAPCOL, Box M14/1283.17.
While it has not yet been possible to establish any links to connect Campbell's indictment with his activities in the New Guard, it is obvious he was suggesting some of the many enemies he had made during his years as leader of that organisation constituted the "certain sinister influences". Reaction to these comments was swift, with Mr Breckenridge, who described himself as "an officer of the Supreme Court of this state", asking Campbell to withdraw any remarks which:

might be construed either rightly or wrongly into a reflection against the Judge who was the cause of that proceeding being taken.  

Behaving in a manner completely in keeping with his arrogant character and with apparently deliberate but amazingly reckless behaviour for a solicitor, Campbell told the meeting that he was conscious of the importance of what Mr Breckenridge had said but as a citizen believing in his freedom, he had every right to "emphatically repeat every word" and asked those present to note "that I say it deliberately". An interjector was heard to say "More shame to you". There is no evidence to suggest that when he made this statement Campbell already knew that further action would follow in which he would be called upon to show cause why his name should not be removed from the roll of solicitors. Because of the short time elapsing between Campbell's outburst and the show cause hearing, which started in February 1939, it seems likely that moves were already

53 AGM, 27 October 1938. CAPCOL, Box M14/1283.17. Since, as discussed earlier in this chapter, it was Mr Justice Long Innes who had been responsible for Campbell being charged, Mr Breckenridge was referring to that Judge.

54 The defiant way in which Campbell made this statement is entirely in line with his character, demonstrated in part of a speech he made at a meeting of the New Guard in the Sydney Town Hall, 16 September 1931. Amos, The New Guard Movement 1931-1935, p. 35, reports this speech as "I openly defy anyone and particularly the Socialistic government of this State to interfere in any way with the New Guard." See also extract from a report of the extraordinary meeting of Discount and Finance Ltd, 4 May 1932 in which Campbell attacked Colonel Selater for remarks made about him [Campbell]. The Daily Telegraph, 5 May 1932, clipping in MML press clipping book. CAPCOL, not yet indexed.

55 Verbatim minutes of the AGM, 27 October 1938. CAPCOL, Box M14/1283.17.

56 The case is reported in full in the SMH, 1-3 February 1939, 7 March 1939, p. 13, 8 March 1939,
underway for this latest charge and it also seems unlikely his statements had any bearing on subsequent events or that, in fact, the action followed as a result of Campbell's statements at the Mount Morgan meeting.

Although Campbell was discharged by the Full Court on all counts in a majority judgement of 5 April 1939, Mr Justice Maxwell said that while he was not prepared to state he accepted Campbell's explanations, he was also not prepared to say "it was not a reasonably probable explanation of the case made against him." With the announcement of this decision, Campbell was free to pursue his life as it had been before his encounter with Long Innes - free, that is, without the challenge of the Mount Morgan Mine which had been such a large part of his life for the previous ten years. If the Board thought it had heard the last of Campbell, it was to be sadly disappointed. While his next attempt to regain his place as a Director was a low key affair, within three years he was to explode in an attack which finally destroyed any chances he may have had of again becoming associated with the management of Mount Morgan Limited. As the Company entered its tenth year, the Colonel had won the battle but, at least for the time being, he had lost the war.

\[57\] SMH, 6 April 1939, p. 15.
CHAPTER SIX.

"A Kindlier or more gracious despot."

The senior officers of the Mine ... feel blanketed because of the Managing Director's great knowledge and long experience of the Mine and his outstanding and dominating personality. ¹

The title of this chapter refers to an opinion of Boyd's character expressed by a delegation of New Zealand shareholders which visited the Mine as a result of Campbell's final attack, but the chapter is not only about Boyd. While the Company was controlled by Boyd during the period covered by this chapter, and the responsibility for the Board decisions and the public image of the Company were his as Chief Executive, it will be argued that just as Campbell's resignation forced Boyd to take control, it was Campbell's final attempt to regain his seat which forced Boyd to resign as Chairman. This last disagreement between the two provides an excellent opportunity in this chapter to make a final analysis of Campbell's character and to speculate whether or not he was guilty of the charges laid against him by Long Innes or whether he was, as he had said, the "victim of an inexcusable judicial blunder". ²

Whilst the 1938 election had eliminated O. F. J. Wolff, one of the three despised sharebrokers, the other two, Morgan and Byron Moore, remained but were now due for re-election, so this election presented a marvellous

¹ Confidential section of a report by a delegation New Zealand of shareholders, CAPCOL, Box M14/1284.12.
² Campbell, speaking at the AGM, 27 October 1938. CAPCOL, Box M14/1283.17. See also discussion on Campbell's outburst in chapter five of this thesis.
opportunity for O'Sullivan and his supporters to get rid of these two and the O'Sullivan group nominated Messrs D. V. Clifton and Rex Cullen-Ward to contest the election. O'Sullivan lived in Brisbane and, when not available to attend meetings in Sydney, was represented on the Board by his alternate Director Rex Cullen-Ward, one of those now nominated. As the British shareholders held 21% of the ordinary shares, their proxy votes would be significant in deciding the result of the election. Recognising this, and in order to increase their share of the British vote, the challengers took the battle to Britain, so it appears more than coincidental that in March 1939, O'Sullivan had recommended to the Board it might consider the appointment of Mr A. E. Webster of the firm of Lewis, Burrell and Webster, London to act as auditor for the London Office books. In suggesting Webster for the post, O'Sullivan may have been aware of Webster's long standing concerns about the running of the Company and his recommendation may have placed Webster under some obligation to O'Sullivan, giving the O'Sullivan group an ally in London.

The ink on his appointment letter was hardly dry when an associate of Webster's called a meeting of Mount Morgan shareholders, resident in England to discuss a circular of 1 August 1939 from Brisbane. The shareholders were advised that the circular had stated it was necessary remove all the stock and sharebrokers from the Board and in order to do this, “two candidates to replace them are being elected of whose names and standing you will be advised shortly”. O'Sullivan's confidence that his

3 By now O'Sullivan's shareholding had risen to 12,500. List of shareholders at 16 October 1939. CAPCOL, Box M14/1283.19.
4 In a later report to the Board, O'Sullivan said Mr Webster had given as another referee the name of Mr Morey of Ocean, Accident & Guarantee Corporation London "who is well known to Mr Fadden". CAPCOL, Box M14/1285.1.
5 In September 1936, Webster had approached a reluctant Eric Morgan in London with a number of proposals for restructuring the Company, including the establishment of a London Board. These proposals were never communicated to the Board, despite Morgan’s assurance they would be. Webster to Boyd 1939-1940. CAPCOL, Box M14/1285.1.
6 ADL to Board, August 1939, CAPCOL, Box M14/1285.1.
group could repeat their coup of the previous year appears to show in the words "two candidates to replace them ARE BEING ELECTED". The Brisbane circulars, a circular letter from Webster and proxy forms did not immediately reach the shareholders because, about 25 August, in a strange twist of fate, four packages were accidentally delivered by the London printers to the offices of Mount Morgan's Agents, Austral Development Ltd, instead of to Webster's office. The Agents refused to release the papers for several days and in the meantime, details of the contents were dispatched to Australia.

Called upon by the Company to explain his actions, Webster denied, in his reply of 30 August, that he had called the meeting as the Company auditor, asserting he was acting as the holder of 3,500 shares and had been asked by some shareholders to do so, but a report in the [London] Financial News of 15 August 1939 had already described Webster as "the London auditor". The Company vigorously denied any connection with Webster's meeting and on 4 September 1939 cabled a response to the request by H. L. Evans of Austral Developments Limited for instructions what to do about the election to "do what you did last year - nothing". Webster was suspended as auditor at the Board meeting of 14 October and after exchanges of letters with Boyd in which he referred to Morgan's apparent omission to put his suggestions to the Board, admitted defeat and claimed the £75 due to him as his fee as auditor. The Board, apparently glad to be out of the matter agreed to pay his fee on 11 June 1940.

Whatever effect these proceedings had on the election of Directors for that year, the effect on the opinion of some of the sharebrokers of London was not good, with at least one shareholder who described himself as a 'child in

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7 ADL to Board, August 1939, CAPCOL, Box M14/1285.1.
8 Copy of cable from Board to ADL, 4 September 1939, CAPCOL, Box M14/1285.1.
9 Boyd to Webster and Webster to Boyd. CAPCOL, Box M14/1285.1.
finance', writing to Austral Developments Limited saying his sharebroker was concerned about the Company and had suggested a list of alternative investments for his Mount Morgan money.

Along with Cullen-Ward and Clifton, Eric Campbell offered himself for re-election, having by now been cleared of the show cause charges laid against him. On this occasion, he was able to lobby the shareholders with a circular written on 28 September 1939 just about the same time of the London debacle. No copy of this circular has yet been located and in the absence of this circular, it can be assumed only that Campbell, like Newman before him, was not terribly critical of the management at the Mine.  

As was to be shown at the election, Campbell's circular had little effect on the voting intentions of the shareholders and as the meeting proceeded, he must have realised he had little chance of winning a seat. In a move to prevent anyone else gaining a seat on the Board, Campbell moved that the vacancies not be filled and the number of Directors reduced. The motion was lost and at the election by show of hands, Campbell received only his own vote. The voting for the remainder of the candidates did not produce a definite result and a poll was taken, the results of which still showed only marginal support for Byron Moore and Morgan. Although the scrutineer, Neil O'Sullivan made a verbal objection, later confirmed in writing, the

10 CAPCOL, Box M14/1285.1.
11 The New Zealand delegates agreed with Campbell’s statement praising the plant, the price for products, the technical staff and the employees. New Zealand Report, CAPCOL, Box M14/1284.12.
12 Minutes AGM, 30 October 1939, p.2. CAPCOL, Box M14/1283.23.
13 The results were: Campbell 1 for, 24 against; Clifton 19 for, 20 against; Cullen-Ward 16 for, 17 against; Byron Moore 21 for, 12 against; Morgan 15 for, 15 against.
14 The results were: Campbell 5,548 votes; Clifton 48,697 votes; Cullen-Ward 43,279 votes; Byron Moore 50,070 votes; Morgan 49,986 votes.
15 It has not been possible to establish a connection between Neil O'Sullivan and W. J. O'Sullivan. Neil O'Sullivan's objection included his concern about the validity of certain votes.
Chairman disallowed the objection, declaring Byron Moore and Morgan elected. The W. J. O'Sullivan group therefore failed in its attempt to gain power and found itself with only three seats against the two stockbrokers and metal merchant Crawford. Boyd as Chairman had the casting vote.

Court action to have the election overturned followed quickly, and in a curious Board meeting on 11 December 1939, Cullen-Ward and Clifton took their seats as Directors, relying on an injunction granted by the court restraining the Board from excluding them from acting as Directors. The same Order restrained Byron Moore and Morgan from taking their places as Directors. What makes this meeting so unusual was the absence of the other Directors, Boyd, Newman and Crawford who had been summoned to attend at 11.00 am by notice and according to Fadden “[he] in particular [had attended] pursuant to a telegraphic notice as well as the ordinary notice”. The appeal by Cullen-Ward and Clifton was lost and Byron Moore and Morgan retained their seats.

For the second time, Campbell had been defeated, and on this occasion accepted his defeat gracefully, with no outburst like that of the previous year. The records researched do not show any involvement by Campbell during the remainder of 1939, in 1940 or for the first part of 1941, so no doubt he directed his attention to repairing the damage the two court cases may have done to his firm of solicitors. The share lists show that about this time, perhaps of necessity or perhaps because of disillusionment with the Company, he began to shed the majority of his Mount Morgan shares. The old Campbell spirit returned with a vengeance as the Annual Meeting for 1941 approached, but it is not clear what prompted him to circulate to the

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16 Crawford had been a Director since the beginning.
17 BM, 11 December 1939. CAPCOL, Box D15/386.
18 See CAPCOL, Boxes M14/1283.27 and M14/1284.10 for papers relating to this incident.
shareholders, in particular to those in New Zealand, a whole string of complaints about the Company. Perhaps his immediate concerns about the Board's management style were the catalyst for the decision to go into print, with the other matters about which he had obviously been harbouring hurt for so long coming out as well. A copy of this circular has not been found, but the material contained in it was serious enough to cause the New Zealand shareholders to develop the idea of sending a delegation to Australia to confer with the Management and the Board.

Not content, Campbell issued a second circular on 18 August 1941 with a direct attack on the policy of the Company since the time he resigned as Chairman and in it he claimed he had suffered personal attacks in circulars issued by hopeful candidates for the Board vacancies. In particular, Campbell drew attention to the statements made over three years previously when O'Sullivan joined forces with Newman to criticise Owen and made a big thing about "new blood on the Board". He alleged there had been "threadbare stories of prosperity just around the corner" and that the Directors, by suggesting the shareholders should not "disturb the man at the wheel", had abused the privileges of their positions. Campbell's hurt surfaced with the claim that the Hall circulars of 1938 had contained thinly veiled personal attacks on him which he had suffered in silence, while being amused to read the character references for O'Sullivan and Newman written by themselves and their colleagues. Finally, he congratulated the Directors on their ability to make excuses, saying that their reply to his first circular was the "quickest concerted action of which they have been guilty." ²⁰

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¹⁹ A copy of this circular is filed in CAPCOL, Box M14/1283.29.
²⁰ Campbell's circular of 18 August 1941. CAPCOL, Box M14/1283.29.
The decision to request that a New Zealand delegation be allowed to investigate affairs of the Company was brought to a head by Campbell's circular, but there had been some concern earlier among the holders of 30,000 to 40,000 shares around Masterton and some unspecified shareholders in Wellington. A cabled proposal from J. Macfarlane-Laing requesting permission to visit Australia for discussions with the Board and to inspect the Mine was approved and the Company offered to fund the expedition. A Mr Gibbs also approached the Company on behalf of the Christchurch shareholders but Laing expressed concern that as Mr Gibbs was a stock-broker, he would be unsuitable as a delegate because that "would certainly play into the hands of the likely opposition for the next election of directors." 

The delegates selected were Messrs W. J. Candy and Wm Machin, who with their wives made the trip to Australia where they were given complete access to the Head Office records and were accompanied to Mount Morgan by Tom Owen. Their official, well reasoned report published and issued to all shareholders, while mildly critical of several items, including the company's decision to employ contractors to transport waste rather than buying and operating its own fleet of trucks, discredited Campbell's allegations of mismanagement by the current Board. The report seems to have put to rest most of the criticisms which had been festering for some years. Behind the scenes the real report, submitted to the Chairman on 24 September 1941, told a different story! Referring to eight points of concern, the report noted "a number of weaknesses in the administrative system of

21 Undated letter from J. Macfarlane Laing LL.B, barrister and solicitor, Perry Street, Masterton NZ. CAPCOL, Box M14/1284.12.
22 No copy of Gibbs' approach could be found in the New Zealand papers, but Boyd's reply to Laing mentions sending a similar response to Gibbs.
23 A copy of the public section of the report was included with the Chairman's Address to the 1941 AGM. CAPCOL, Box M14/1284.12.
the Company", 24 weaknesses which the delegation was later to highlight in relation to Campbell's attempt to regain a seat on the Board.

The most serious matter raised was the embezzlement during 1936 of over £2,000 25 and the fact this had not been made known to the Board until 16 June 1938 and then only after the Secretary had requested Campbell to do so. 26 What made the matter even more serious was the fact that the crime had been committed by an employee engaged by Campbell, who had given instructions for him to be employed on the share cash book, at the same time waiving the requirement for the appointee to produce character references nor was he required to lodge a fidelity bond, even though he would be handling large sums of cash. When the first shortfall of over £1,093 was discovered by the auditors, who reported it to the Chairman, Campbell stated he had recovered the money and it would not be necessary for any further reports to be submitted. Consequently, when a further deficiency of £1,000 was discovered, no action was taken by the auditors.

The New Zealand report listed the employee as a man named Duesbury, but the delegates apparently did not connect the name with Campbell's Du Menier case, because they made no reference to it. By coincidence, in a similar situation to the Du Menier case, the report notes:

there is a very meagre and somewhat misleading record in the Minute Book [of the meeting of 16 June 1938] which leads us to believe that the Board did not even then receive the full facts. 27

24 Confidential section of report by a delegation of New Zealand shareholders, 24 September 1941. CAPCOL, Box M14/1284.12.
25 From the share premium account. Confidential section of New Zealand Report. CAPCOL, Box M14/1284.12.
26 G. A. Crawford to the Secretary, 13 December 1941. CAPCOL, Box M14/1284.12.
27 An amendment was made to the minutes of 23 June alluding to the section under the heading "Company's Finance" and a statement of the Board's loss of confidence in Campbell was
A study of the published material on the New Guard indicates Campbell was loyal to the rank and file of the movement and this loyalty to his close associates may have been the reason for his appointment of Duesbury to the position in the Company and for the hiding of the defalcation. The connection with Duesbury had still been alive in March 1939, at which time Campbell was set to represent Duesbury when the latter appeared before Mr Long Innes in the bankruptcy Court but Campbell was "then in another Court". A more sinister reason may have been Duesbury's inside knowledge of the Du Menier board room events of September and October 1933. What is strange is that Campbell would put himself in a position which could be open to criticism, but given Campbell's reputation for arrogance, it is likely that he believed he had the authority to make the decision he did.

The second point raised by the New Zealand people concerned the relationship between Directors of Mount Morgan Limited, Mount Morgan Developments Limited and Sulphide Gold (Junction Reefs) Ltd. On 1 July 1937, in a rather convoluted set of decisions, the General Manager of Junction Reefs asked the Directors of Mount Morgan Developments for an advance of £750 to meet urgent accounts. Directors of Mount Morgan Developments resolved to ask Mount Morgan for a loan to cover the amount. The Mount Morgan Board, comprising the same Directors, but joined by the General Manager of Junction Reefs as alternate Director for a Mount Morgan Limited Director then met and granted this loan against the security of its shareholding. In coming to this decision, they apparently forgot or chose to ignore a decision made on 25 May 1937 that all future

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28 As listed in chapter two and in NSWSA, Colonial Secretary's Department files, B 32/2669.
29 Answering the show cause action. *SMH*, 3 March 1939.
30 The minutes of this BM appear to be missing from the CAPCOL files.
advances to Sulphide Gold should be against the "realisation of products as and when the proceeds of Sulphide Gold products become available".  

The final point raised by the New Zealand people concerned Boyd's management of the Company during the previous three years and was the matter the delegation found most difficult to address. Boyd had indicated he took on the top job in the Company for a limited term but this extended for three years until Boyd finally had enough and announced at the Annual Meeting on 30 October 1941 he could no longer continue in the position. Boyd's decision to resign, while hastened by Campbell's vicious circular of 18 August 1941, was finally precipitated by the last item of the New Zealanders' confidential report.

From a study of the Company files for the period 1936 to 1941, it is not hard to understand what prompted Adam Boyd to make his announcement. Boyd told the shareholders that the changes in the directorate, together with a flood of abusive circulars distributed to shareholders, had been extremely worrying for him as Chairman. Boyd's concerns were for the welfare of the Company rather than for himself, because there does not appear to have been any direct criticism of Boyd in any of the circulars. In fact, it is a tribute to Boyd's personal reputation that one circular said he was held in high esteem by the entire body of shareholders and noted with pleasure that once Boyd became Chairman, he took steps to keep the shareholders informed of any events which might affect their interests.

The official New Zealand report had recommended the abolition of the position of Managing Director, but the confidential report went on to explain the delegates' reasons. While saying this was the most difficult part of their

31 Confidential section of the New Zealand Report. CAPCOL, Box M14/1284.12.
discussion and that they had "no axe to grind, nor any predetermined bias in our minds", the delegates said the task had been made much easier by Boyd's public statements that he intended to retire from the positions of Chairman and Managing Director.

Their further comments provide what is probably the most powerful analysis of the character of Adam Boyd yet encountered and for this reason they are considered important enough to reproduce here in full. The delegation said:

We consider that the senior officers of the Mine are consciously or unconsciously timid, and feel blanketed, because of the Managing Director's great knowledge and long experience of the Mine and his outstanding and dominating personality. Our personal observations convince us that a kindlier or more gracious despot never occupied such a position, - and the excellent relationship with the workmen on the one side, and the authorities on the other, speaks for itself. The growth and development of your General Manager and senior staff in personality, and command, and authority cannot adequately take place alongside the Managing Director's powerful and dominating presence on the Mine ground; neither can the Board, as a Board, communicate effectively its collective atmosphere to its General Manager as he seldom attends its Meetings.  

Continuing, the report suggested if the well-paid staff were to be developed towards cohesive staff work there had to be a change. It was not only the effect Boyd's control had on the management at the Mine which concerned the writers, but their perception that perhaps Boyd, while an exceedingly competent technical manager, lacked the commercial experience which the joint positions of Chairman and Managing Director required. They were somewhat reassured in this opinion by their discussions with Boyd, who

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32 Confidential section of the New Zealand Report. CAPCOL, Box M14/1284.12.
33 Confidential section of the New Zealand Report, 24 September 1941, p. 8. CAPCOL, Box M14/1284.12.
seemed to recognise this weakness in his own experience. 34 Boyd resigned with the tributes of the shareholders ringing in his ears 35 and settled down to an easier retirement as an ordinary director, at the same time still visiting the Mine, his real love, on a regular basis as "an adviser to the Board". 36

The end was now near for Campbell, who may not have been aware the majority of his complaints had been satisfactorily answered by the Board, so that his threat, in a cable to Machin dated 15 October 1941 to seek an adjournment of the Annual General Meeting so further investigations could be made, 37 had the opposite effect to what he had planned. The answer by Machin was swift and to the point. In a letter written only two days after Campbell's cable, Machin dismissed the further allegations made in the cable and advised Campbell it was not in the best interests of the Company for him to again become a member of the Board. Campbell was further advised that if he persisted in his allegations, it might be necessary to issue another report publicising the "serious weaknesses in [his] administration."38

This threat to reveal all was effective, with the Secretary advising Mr Macfarlane-Laing in a letter of 31 October 1941 that Eric Campbell had withdrawn his nomination for election to the Board "at the last moment". 39

This was the last heard of Campbell in relation to Mount Morgan. In any case, by this time, he had disposed of all but 500 of his Mount Morgan

34 Confidential section of the New Zealand Report, 24 September 1941, p. 8. CAPCOL, Box M14/1284.12.
35 At the 1941 AGM. RFBCOL.
36 BM, 12 February 1942, CAPCOL, Box D15/387.
37 Cable, Campbell to Machin, 15 October 1938. CAPCOL, Box M14/1284.12.
38 Presumably the reference was to the disclosure of the full details of the embezzlement. Letter, Machin to Campbell, 17 October 1938. CAPCOL, Box M14/1281.12.
39 Secretary to Macfarlane-Laing, 31 October 1938. CAPCOL, Box M14/1284.12.
shares. He finally severed all his connections with the Company when he disposed of his last 100 shares on 6 February 1942.  

We need to consider why it was that Campbell was rejected by the shareholders on three occasions even if only to see whether his contribution to the rise of the Company was adequately recognised or whether his errors of judgement in relation to Duesbury were sufficient to cancel out his good management over nine years. Whoever was responsible for what Campbell saw as mismanagement, he had good arguments to put and it was a pity they were prefaced by his attacks on the Board, attacks which immediately put the Board against him. While his arguments about the current Board’s management styles put forward in his circular were almost all discredited by the New Zealanders, there was some substance in what Campbell had said in comparing the success of the Company while under his control with the current lack of performance.

Campbell had not been in control of the Company’s affairs for three years, but each of the decisions taken during his time as Chairman was continuing to pay off. The extensions to No. 1 Mill had reduced the cost per ton treated from 12s. 8.9d. to 4s. 2.4d.;  the building of the Oxide Mill at a cost of £125,000 had enabled the large body of oxidized ore outside reserves to be treated for a net profit of about £151,000 after paying for the cost of the plant.  The plant, practically new when all the oxidized ore for which the it had been built was treated, was converted at little cost to treat low grade sulphide ore, most of which had previously been regarded as worthless.

40 Return of shareholders [Members], 27 October 1942. NSWSA, File 5/3392A.
41 Operating costs of No. 1 Mill during this period are shown in the respective ARs. CAPCOL, Box D15/378.2. From this information, the author has calculated on an EXCEL™ spreadsheet, the progressive costs of operating this Mill from October 1933 to the end of June 1950. A copy of the spreadsheet is in RFBCOL.
42 Similar calculations of Oxide Mill operating costs from the ARs generated a spreadsheet for profit made by treatment of oxide ore in the Oxide Mill. A copy of this EXCEL™ spreadsheet is in RFBCOL.
overburden. Re-equipping the Power Station had ensured reliability of supply, at the same time repaying the investment in about 16 months. 43 The decision to build a smelter, made on strategic grounds more than as a financial benefit, was to earn £334,000 above its cost by 1945. 44 Of equal importance was the fact that having a smelter on site enabled the Mine to treat ore of a lower grade, producing a very low grade concentrate which would have been uneconomical to transport to a distant smelter for treatment. In overseeing these developments, Campbell had relied on the recommendations of competent staff at the Mine, praised so often by all and sundry, on the imagination of Boyd and the metallurgical skills of Owen, but as Chairman, the credit for implementing these overall policies must be his.

During his five years as Chairman, Campbell was a major shareholder so it was to his advantage to devote a great deal of his energy to the job and it was stated that he had neglected his own business to devote 90% of his time to the affairs of Mount Morgan Limited. 45 The large dividends he had received were one thing but in addition, as Chairman, he had been paid an extra £1,200 a year above his normal Director's fee, a fact that was not included in the Company's published report of the proceedings of the Annual meeting, nor in any other matter published to the shareholders. 46 For his work as Managing Director, he was paid a further of £800 bringing his extra remuneration up to £2,000 a year. Campbell's firm of solicitors also benefited from handling the Company's legal work so overall the

43 The basis of arriving at this statement has already been discussed in chapter five. A copy of this EXCEL™ spreadsheet is in RFBCOL.
44 These figures have been calculated by the author from the GMARs for the period and are based on the 1938 year of overseas realisation, the cost of smelting at Mount Morgan, the cost of realisation at ER&S and the capital cost of the No. 1 and No. 2 smelters.
45 Director E. Byron Moore, seconding the motion accepting the annual figures at the AGM, 3 December 1936. CAPCOL, Box M14/1283.13.
46 The confidential section of The New Zealand Report showed that the payment had been disclosed verbally to the small number of shareholders present at the AGM. CAPCOL, Box M14/1284.12.
financial advantage enjoyed by Campbell from devoting "90% of his time" to Mount Morgan Limited was considerable.

It has been argued in chapter three that Campbell's political activities in the New Guard may have been one of the reasons the Company had difficulty in attracting capital to convert its copper precipitation operations to actual mining of the orebody, but despite this perception, Campbell continued as a high profile member of the Board with great success to the Company. The conspiracy charges were a different matter and when coupled with the embezzlement fiasco, Campbell's fellow directors were obviously uneasy that Campbell may have been guilty as charged, hence the motion of no confidence. By his own admission, Campbell was guilty of involvement in the embezzlement even if he had made no monetary gain from it himself and that would have been sufficient reason for the Board to reject him as its Chief Executive.

Comment has been repeatedly made about Campbell's arrogance and even his own Counsel, speaking after the show cause hearing, indicates some of Campbell's troubles stem from this attitude. Mr Maughan KC, pleading counsel for Campbell on 2 March 1939 described Campbell as:

loquacious and verbose, and at times, aggressive. Although these might have been signs of arrogance and cocksureness, these things might have been ascribed to a superiority complex, because Campbell was so convinced of the truth of his own story.

This description of Campbell's character seems to fit well into the picture he paints in his own book The Rallying Point in which he describes his involvement with the New Guard, with the comments in files about that

47 In fact when Campbell had said the money had been recovered, it is likely he had made the funds up from his own pocket.
48 SMH, 3 March 1939, p. 15.
organisation 49 and with comments made by Noel Kirby that "he was forceful and determined character - Boyd clashed with him frequently". 50

While Campbell was cleared on all counts in each of the cases, there will always be doubt as to his innocence. As discussed in chapter five, the Chief Justice, in announcing the majority decision of the Court in the show cause case, had expressed grave doubts about the whole case. He had implied that the Court was not entirely satisfied that Campbell did not have charges to answer, but dismissed the case on the grounds of reasonable doubt. Perhaps, had the Court known of the suspect minutes involving Thompson's claims, of Campbell's involvement with Duesbury in the post-Du Menier period, of Duesbury's embezzlement of funds from the Company, and of Campbell's cover-up of the embezzlement, the decision may have been different. Given Campbell's arrogant character and his disregard for proper management procedures, there is no doubt there was substance in all the charges, from the alteration to the minutes of Du Menier, through the evidence given in the conspiracy charges to the show cause hearing. The matters raised in each are entirely consistent with what a man of Campbell's ambition and outlook would have done, but the Crown either did not prepare its case well enough in prosecution, or the defence was just too good and Campbell was acquitted.

Campbell's influence had worked to the Company's advantage, but, as has been discussed, his departure marked the beginning of a period of instability which was to take a number of years to settle. More importantly, Boyd had been placed in a situation for which he was not suited, and although his reputation was not greatly damaged in the eyes of the shareholders, he must have suffered his own feelings of failure when he

49 Colonial Secretary's Department files. NSWSA, File B 32/2669.
50 Noel Kirby, OH with R. F. Boyle, 3 October 1992, CAPCOL.
looked back on his years as Chairman. The Board was perfectly correct in its decision to oust Campbell, and to keep him out, in order to preserve the public image of the Company. It is a great pity that his excellent work for the Company has never been fully recognised by historians who prefer to relate his life to the New Guard and to his alleged fascist leanings. 51

Campbell and Boyd, despite the contrasts in their characters, were key elements in a good management team but in the legends of the period it is Boyd who is remembered as the driving force behind most of what happened at the Mine, while Campbell is mentioned by only a few who remember him for having given the employees’ children watches at a Christmas party. 52

51 Kerr, referring to the fact that the Welfare Scheme “was a logical application of his basic principles [as a self-confessed Fascist]. Kerr, Mount Morgan: Gold, Copper and Oil, p 189. On the other hand, Moore records allegations by the NSW police during the New Guard era that "Campbell’s anti-communism was not genuine " and that "the sinister possibility was invoked (while never explicitly stated) that the ardent empire loyalist was a Soviet ‘mole’". Moore, The Secret Army and the Premier, p. 5.

52 Retired MML carpenter Charlie Shannon, OH with Betty Cosgrove, 10 September 1992, CAPCOL.
CHAPTER SEVEN.

THE WAR YEARS.

1939-1945

In order to achieve defence requirements, the government will act ruthlessly. ¹

While there was never a time when the Mine operated without problems, the war years were to be the most difficult period since the austere 1929 to 1932 days. In addition to the technical and financial problems the Mine had always faced, the Company had to battle to survive the controls imposed, the lack of suitable labour and the shortages which occurred during the most critical years of the war immediately after Pearl Harbour, when Australia faced the very real threat of invasion. Principal among these problems was the shortage of good skilled labour, while efforts to overcome shortages of essential supplies placed further strains upon the Mine staff. Commonwealth government indecision about the role of the copper mining industry in the war effort imposed additional operating and financial burdens on the Company. All these problems were compounded by the imposition of a gold tax which helped reduce the Company's profitability below the break-even line.

The history of Mount Morgan contains many myths, some originating in the

¹ Prime Minister John Curtin in a national radio broadcast, early in 1942. Ross, John Curtin, a biography, p. 265.
‘trucker’s gazette’, others promulgated in Board papers either by design or by accident and a study of a range of sources has cast doubt on the accuracy of these stories. The war years provide excellent examples of these oral and written sources with the reasons for Westcott’s resignation being one of the former and the blame for re-opening Mount Chalmers one of the latter. This chapter is more than just another discussion about the war and the measures imposed by the government to maximise the war effort. More particularly, it analyses the ways in which war-time controls and restrictions impacted on the Company’s efforts to keep the Mount Morgan Mine in operation and after a discussion of the war-time mining industry, this chapter will analyse management’s response to these challenges.

It had been a phoney war for Australia during 1940 and 1941, because, although Australian troops were fighting and dying in the war against Germany, the action was thousands of miles away from Australia and unless a family member was ‘over there’, the war was for the most part being fought ‘for someone else’. During this time, Commonwealth governments, first under Menzies and then under Fadden, had tried unsuccessfully to introduce war time control measures in order to maximise the war effort. These proposals met with political and public resistance. A manpower organisation, proposed in June 1941 had not been refined

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2 In the old underground mine, the 'truckers', who travelled with the ore from the working face to the haulage shaft, could pick up gossip from one source and carry it to another. Thus the 'trucker’s gazette' referred to a line of gossip. Compare 'Furphy' for the water cart drivers stories in the 1914-1918 war, quoted in G. A. Wilkes, *A Dictionary of Australian Colloquialisms*, Netley, SUP, 1978, p. 184. Boyd refers to the 'trucker’s gazette' in Boyd to Thompson, 8 January 1930, “I told ... [about Marmor and] the trucker’s gazette will carry this to the right quarter with, I hope good results”. CAPCOL, Box M14/1251.

3 Such as one income tax throughout Australia, proposed in an attempt to control the spending of state governments and individuals.

sufficiently to be workable, nor were any workable policies for the control of materials in place by the time Fadden was defeated in the Parliament during the budget debate of 3 October 1941. When the Labor government led by John Curtin came to office, opinion was, according to Lloyd Ross, that the government had no policy and was not ready for office. Curtin’s response was to carry out Menzies’ policies “quickly, ruthlessly, continuously” 6. It is interesting to speculate whether Curtin’s application of Menzies measures would have been readily accepted by the majority of Australians had it not been for the outbreak of the Pacific war and the entry of the Soviet Union into the war in Europe. 7

The Curtin Labor government had been in office just two months to the day8 when Pearl Harbour was attacked, then came the fall of Singapore, and Australians suddenly realised that their safety was threatened with the Japanese only a comparatively short distance away when New Guinea was invaded. With fear of the Japanese and survival the main issues in everyone’s mind, the public, at least for the first six months, accepted regulations which at the end of November 1941 were out of the question. By the time the initial panic had subsided, it was too late for the nation to protest as the government continued to take “a series of measures which in scope and severity transcend any hitherto contemplated”. 9

During the first days of the Pacific war and before General Douglas MacArthur arrived from the Philippines, 10 Mount Morgan, along with Mount

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5 Independents Coles and Wilson voted with the Labor opposition to reject the budget. Ross, John Curtin, a biography, p. 217; Fadden, They called me Artie, p. 71.
6 Ross is quoting an un-named public servant appointed by Curtin to a wartime administration post. Ross, John Curtin, a biography, p. 223.
7 According to Hasluck this latter event turned the ‘imperialistic war’ into a ‘holy war’ in the eyes of the extreme Left. Hasluck, The Government and its People, p. 250.
8 The Curtin ministry was sworn in on 7 October 1941. Ross, John Curtin, a biography, p. 222.
10 To become Supreme Commander of the South Pacific Area.
Isa the only other major mining centre in northern Australia, was in great danger under a scheme of defence which has become known as "the Brisbane Line". In essence, the policy recommended that, in the event of a Japanese invasion, Australia should concentrate its resources on the defence of the country to the south of a line drawn through Brisbane. On 12 March 1942, MacArthur declared his policy to be one of positive attack, rather than one of accepting the inevitable invasion, but it is obvious from a minute of a Mount Morgan Board meeting of the same day that the government had taken the Brisbane Line proposal seriously. At this meeting, the Secretary was instructed "to communicate with the Military Authorities in Brisbane with a view to obtain definite instructions ... in the event of a scorched earth policy being applied". The Company sought information about what compensation would be offered but there is no record of a reply.

The war effort was directed towards four main objectives - to provide fighting men, to provide labour to construct such facilities as camps and airfields, particularly in the north of Australia, to produce munitions and to produce food, especially to supply the enormous inflow of American troops who began arriving in Australia early in 1942. As a consequence of these initiatives, there were shortages of stores essential for the operation of the Mine, while such imported items as liquid fuel and rubber were subjected to the most stringent rationing. A fifth, and probably over-riding objective was the financial control imposed on every Australian, but particularly on Australian business.

12 BM, 12 March 1942, p. 9, CAPCOL, Box D15/381.
Manpower to satisfy the first four of the government's objectives was the first and most important problem to be solved. Under exceptional powers granted to it by the National Security (Manpower) Regulations of 29 January 1942, all civilians over the age of 16 years were registered by the end of March. Despite these regulations and the register, there was a reluctance to take any action which might be consider 'industrial conscription' so it was not until January 1943 that the Manpower Commission was established "to procure and direct the transfer of labour into appropriate channels".  

Hasluck confirms that:

> the most extensive use of manpower ... was not made in 1942 ... for the call then was ... for fighting men but in 1943 when the total demands had multiplied and spread into more phases of the war effort.  

Nevertheless, by June 1942, war production had absorbed 70,000 men and 228,000 more had enlisted in the armed forces with 140,000 of these coming from civil production. While younger men in factories could be replaced by older workers and women, there was a limit to how much more civil production could be reorganised, nor could rural industry supply any more men, given that 25% of its male labour had already been lost since the outbreak of war.

At this time there remained one, as yet untapped, source of fit and healthy workers and it was estimated that if gold production was suspended, about 5,000 men would become available. Prior to 1942, gold was in demand to pay for munitions and mines were encouraged by the government to strive for maximum output. At this time, manpower was not a serious problem, particularly in West Australian mining towns, where recruiting for the

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Services was not carried out. With the entry of America into the War as a result of Japan's aggression and the introduction of the Lend Lease Policy, Australia was required to provide reciprocal aid to the United States in return for a share of American war production. As a result of this policy, gold was no longer required to pay for munitions. The government therefore directed that gold mines should be closed and put on a maintenance basis to allow younger men to join the Services.

Mount Morgan Limited always described itself as a GOLD and copper mine and the reason for insisting on this description was more than just a desire to glamorise its name to the sharemarket because to remain tax free the Mine had to earn more than 40% of its income from gold. Politically, however, the fact that the Mine was also a significant copper producer worked to its wartime advantage when copper appeared to the Canberra bureaucrats to be of more strategic importance than gold and it was allowed to stay open. Although Mount Morgan fared badly throughout the war because of manpower and other shortages, it was better off than the mines in Western Australia. At that time, the mines around Kalgoorlie were purely gold mines, producing over 70% of Australia's gold output, whereas Mount Morgan, with its copper output, appeared to be an important source of this metal for the war effort. It was fortunate that, with the whole of the population of Mount Morgan dependant on the Mine, gold was not the principal product and the operation was left intact. Any decision to reduce the scale of work at Mount Morgan in order to free up

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16 G. Lindesay Clarke, *Built on Gold, Recollections of Western Mining*, p. 89.
18 G. Lindesay Clarke, *Built on Gold, Recollections of Western Mining*, pp. 70-71
19 BM, 4 October 1945 p. 3. CAPCOL, Box D15/338. See also the discussion on taxation in this chapter.
20 It was not until the mid 1960s that nickel was to be exploited at Kambalda, near Kalgoorlie. G. Lindesay Clarke, *Built on Gold, Recollections of Western Mining*, pp. 201-202.
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men for war service would have been a disaster, since as has been demonstrated, the viability of the Company depended on the mining of large tonnages of material.

The West Australian gold mining industry was compensated for the government's closure of its mines by the payment of £100,000 to be used for maintenance so the mines could be re-opened when the war ended. The people of Kalgoorlie believed these closures discriminated against Western Australia, where about 25% of the population was indirectly supported by the gold mining industry and perhaps as the result of the suggestion by The Westralian Worker that:

there are probably as many persons engaged in making lollies and chocolates in the east as there are employed in the great gold-mining industry of Western Australia

the mining town's economy was further compensated. Kalgoorlie's sop was the establishment of a factory to make 40 mm Bofors ammunition, providing employment without costing very much in freight charges for raw materials to and finished shells from the factory.

Although Mount Morgan had not been forced to reduce the scale of operations, nevertheless the impact of the government's manpower regulations and the voluntary enlistment of its younger men had a serious effect on the Mine. The Mine still employed a large number of men, but it was the quality of labour which caused management concern. Butlin and Schedvin have commented that there were few unemployed in Australia in

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24 The Kalgoorlie Miner and The Westralian Worker. Quoted in Hasluck, The Government and its People, fn 1 p. 315 and fn 3 p. 316. Hasluck does not provide date references for these newspaper articles.
25 Butlin and Schedvin, War Economy, 1942-45, p. 59. The reference does not quote what type of labour was used in the factory.
early 1942 and most of these could be considered the "hard core" of people who, in normal times would have been considered "unemployable". Even these men finally surrendered to the lure of high wages and to the moral pressure applied by the community to make a contribution to the war effort, while reluctant employers were forced to accept these "workers of low efficiency". The Mine was no different to the rest of Australia in this regard and by October 1943 men were engaged who, two years before would never have been considered for employment, a fact that did not escape the notice of shareholders, one of whom said:

the crowd you have with you do not give the full results that they are paid for - and you have got to have more.

Chairman Morgan, in agreeing that the Company did not get a satisfactory return for the wages it paid, said the efficiency of labour was not as good as it had been a few years before. He put this state of affairs and the difficulty experienced in disciplining the men down to the fact that, of the 1010 employees, 649 had been with the Company only since the start of the war. Morgan pointed out that:

[We] have been scraping around for manpower for a long time and have even to take on men who are not suitable.

Boyd had been through all this before, when during the first two years of World War I, four hundred and twenty employees of the old Company had enlisted, being replaced by what he had described as "a foreign and socialistic section among the men". While this was a large number of

28 AGM, 28 October 1943. CAPCOL, Box M14/1281.1.
29 Shareholder Hopkins, moving a vote of thanks to the Board. AGM, 28 October 1943. CAPCOL, Box M14/1284.1.
30 AGM, 28 October 1943. CAPCOL, Box M14/1281.1.
31 Boyd quoted in McDonald, *Rockhampton, A History of City and District*, p. 317. McDonald does not quote a reference for this statement.
men to lose, it represented a smaller proportion of the Old Company's larger workforce than did the present changes in the Company's labour. Referring to the 1916 workforce, Boyd had reported the "loyal majority were trying to counteract that [disruptive] spirit".\(^{32}\) In 1943, among the 361 longer serving employees, there would have been a large number who had been employed since the beginning and there is no doubt their loyalties would have been with the Company, a fact that probably helped to carry the Company over its difficulties.

Production in the Open Cut was the area worst affected by problems of shortage of experienced labour, with the 30 men provided by the closure\(^{33}\) of the Mount Chalmers Mine being offset by the 29 who joined up in response to an Air Force recruiting drive. Along with the need to reintroduce rail haulage on the upper levels, necessary because of severe shortages of tyres and fuel for the more flexible motor transport\(^{34}\) and the confiscation by the Commonwealth of a new and urgently needed large electric shovel,\(^{35}\) this labour shortage, further exacerbated by the government requirement to provide special guards around the clock to prevent sabotage of its dams,\(^{36}\) reduced overburden removal below the critical amount required to ensure optimum availability of ore. In order to maintain output, the Mine had previously put forward the industrially sensitive proposal to mine ore on Sundays but this was rejected by the Board,\(^{37}\) so in 1944 with appeals to the authorities for the release of more

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\(^{32}\) Boyd quoted in McDonald, *Rockhampton, A History of City and District*, p. 317. McDonald does not quote a reference for this statement.

\(^{33}\) The attempted development of Mount Chalmers is discussed later in this chapter.

\(^{34}\) For example, BMs of 4 June 1942, 27 August 1942 and 8 July 1943 record proposals to purchase additional locomotives and rolling stock as well as the rebuilding of existing railway equipment. BMs listed, CAPCOL, Box D15/387. See also photograph sixteen in this chapter.

\(^{35}\) For use by the Commonwealth Coal Commission in NSW. BM, 3 August 1944. CAPCOL, Box D15/387.

\(^{36}\) Boyd's objection to this requirement is discussed in this chapter under the section on taxation. See also B. G. Patterson's files containing air raid precaution committee correspondence, 1942-1943. CAPCOL, Box D15/510.

\(^{37}\) Clarrie Fallon of the AWU had been consulted about the proposal, but there is no record of his answer. BMs, 28 October 1942 and 17 December 1942. CAPCOL, Box D15/387.
men to work at Mount Morgan falling on deaf ears, No. 2 Mill was closed. This allowed 61 men to be transferred to the Cut and at the same time all overburden removal above 5 bench was abandoned. It was only by these measures and the payment of excessive overtime that sufficient ore supply could be maintained to No 1 Mill.

Adding to the problems caused by the lack of miners was the shortage of skilled tradesmen to maintain the plant. Mount Morgan, as a mining company was not alone in suffering this shortage of skilled labour, with Mount Isa Mines performing outstanding work in commencing copper smelting in April 1943 "despite a shortage of skilled staff." It was a continual battle to prevent tradesmen from enlisting, notwithstanding that it was in keeping with government policy to prevent men possessing special professional and technical skills and employed in essential industries from joining the armed services. Colin Heberlein relates that some young tradesmen had "gone off on the train to Brisbane to join the services. They were met by the police and sent home." Despite this restriction guaranteeing the Company could maintain its current level of tradesmen and although there were approximately 60 trades apprentices in its employ at 30 June 1942, the Company found it difficult to maintain its plant in good condition. Difficulties in obtaining engineering stores increased the maintenance problems, while shortages of engineering spare parts from overseas and from Australian suppliers led the Company, early in the war, to establish its own foundry. This plant, capable of producing over 900 tons

38 BM, 3 August 1944. CAPCOL, Box D15/387.
39 Kennedy and Chaput, The Man from Asarco, A Life and Times of Julius Kruttschnitt, p. 190; by April 1943, Mount Isa had lost 400 of its 1,200 employees. Blainey, Mines in the Spinifex, p. 188.
40 Hasluck, The Government and its People, p. 283 refers to a “List of Reserved Occupations”.
42 From 1932, the Company had maintained a large and efficient apprenticeship program. In 1942, these apprentices were in all trades and covered all years of the five year indenture period current at the time. See MML apprenticeship records. CAPCOL, Box D15/289.
of castings a year, principally of grinding balls for the mills but also for general machinery construction and repair now proved invaluable. Additionally, the workshop equipment was upgraded to increase the capacity to manufacture more spare parts at the Mine.

Each of these initiatives required an increase in the number of tradesmen and to overcome the shortage the Company, like other industries, adopted a policy of "dilution" in which competent trades assistants or riggers were elevated to fill positions normally occupied by fully trained [indentured] tradesmen. This policy was generally in line with agreements made nationally with various industrial unions as far back as 1940. The use of 'dilutees', as they became known, was generally confined to the Open Cut, the Mills and the Smelter, where their lack of formal training was acceptable and many continued to work for the Company in this capacity until well into the late 1970s. The Company, perhaps as a result of the introduction of dilutees, was able to find enough labour to assist the war effort by working two shifts a day manufacturing a number of large steel bolts on its large heavy duty lathes. These bolts were for use in 200 ton hydraulic presses for a munitions factory.

Adding further to its difficulties, the war time attempt by the Company to reopen the Mount Chalmers mine 11 miles north-east of Rockhampton, was a disaster. While the shareholders were told the mine was opened at the

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43 The foundry was commissioned in August 1941, AR, 27 August, 1942. RFBCOL.
44 Non-technical Director O'Sullivan volunteered to assist with locating suitable machines through his own company, Mars Machine Tools. BM, 8 July 1943. CAPCOL, Box D15/387.
46 Dilutees were engaged in the fitting, boilermaking, moulding and carpentry trades. There is no record of dilutee electricians or turners being employed, although several dilutee machinists were employed. Colin Heberlein discusses the use of dilutees OH with Betty Cosgrove, 21 October 1992, CAPCOL.
47 Henri Stock, retired MML workshop foreman, OH with Carol Gistitin, 22 July 1989, CAPCOL.
Locomotives brought in to replace motor trucks during wartime shortage.

Photographs from Mount Morgan, Queensland, March 1939.

PHOTOGRAPH SIXTEEN
request of a Commonwealth government, anxious to increase the country's output of copper, 48 this was not the case. The Board minutes of 31 July 1941 show that Director Malcolm Newman advised the Board he had personally taken an option over the assets of Mount Chalmers Limited, a company unsuccessfully floated in June 1940 by a group of Rockhampton businessmen. 49 Newman reported to the Board that he had already been in touch with the Commonwealth government which had promised to make available £7,000 for plant to dewater the mine "if Mount Morgan Limited was interested in developing the property". 50 It is not clear whether Newman, as a mining entrepreneur, was acting on his own behalf in taking up this option, or whether he had in mind involving Mount Morgan right from the start. 51 Whichever was the case, he was not acting formally for the government, because his appointment as Controller of Non-ferrous Metals was not made until January 1942. 52 In September, Newman advised he was handing over the option to the Company and he had negotiated a £10,000 grant from the Commonwealth government. 53 No doubt the prospect of having another orebody, located within comparatively easy transport distance of Mount Morgan, developed at no cost to itself appeared very attractive to the Board at the time, but later records suggest the Company may have had reasons to regret their decision to initiate this project.

While it was copper which saved the Company from the fate of the

48 Chairman's Address at the AGM, 30 October 1941; the statement was repeated at the AGM, 29 October 1942. CAPCOL, Box M14/1284.1.
50 BM, 31 July 1941. CAPCOL, Box D15/387.
51 Malcolm Newman had considerable mining interests in addition to his membership of the Mount Morgan Board. A recognition of this fact was that, when the Queensland Chamber of Mines was formed in 1948, Newman was elected "for his own interests". Kennedy and Chaput, The Man from Asarco, the life and times of Julius Kruttschnitt, p. 219.
52 Butlin and Schedvin, War Economy 1942-1945, p. 454.
53 BM, 26 September 1941. CAPCOL, Box D15/387. The Chairman's Address, 1941 AGM, confirms this arrangement, RBFCOL.
Kalgoorlie gold mines, it was also the government's indecision about its requirements of copper, particularly about the continued operation of Mount Chalmers, which caused the Company some of their most serious problems. Butlin and Schedvin argue that:

Copper provides the best example of the vagaries of wartime decision making and the inadequate information on which decisions might be made.  

At this time, Mt Lyell, Mount Morgan and Mount Isa each suffered from the push by the government to increase the amount of copper available for munitions. Little did these companies realise that at the same time the government required Australian mines to increase their production substantially above the pre-war figure of about 21,000 tons a year, it was importing over 55,000 tons a year, principally from Rhodesia, while stockpiling about 20,000 tons a year. Geoffrey Blainey asserts that the decision to increase local copper production, particularly at Mount Isa was forced on the government "by London and Washington" in order to divert African copper to Britain. Nevertheless, by the end of 1944 the Department of Munitions held over 44,000 tons of copper, a situation which had been allowed to develop because of the failure of both the Department of Munitions and the Directorate of Minerals Production to report its actual consumption and stock figures.

Mount Chalmers construction and operating costs were paid by the government and while development work, the production of 20,000 tons of ore and the maintenance of a pumping operation after the mine was

55 The effect on Mt Lyell is discussed in Blainey, The Peaks of Lyell, p. 285; that on Mount Isa in this chapter.
56 Butlin and Schedvin, War Economy 1942-1945, Table of Selected Minerals Production, p. 455.
57 Blainey, Mines in the Spinifex, p. 188.
58 Butlin and Schedvin, War Economy 1942-1945, p. 457.
59 BM, 27 August 1942 CAPCOL, Box D15/387 and AGM, 26 October 1944 record the payments of £80,000 by the Commonwealth government for "capital requirements".
closed cost Westcott and the senior staff of the Mine a great deal of extra work, Mount Morgan does not appear to have lost any money by its involvement. The Company originally agreed that these staff would work at no cost to the government, but although the shareholders continued to be misled that this was the case, the Department of Supply and Development's offer of payment was accepted in April 1943 just seven months before the decision was taken to suspend operations. During the time Mount Morgan was involved with Mount Chalmers, Mount Morgan foremen were in charge, but the surface work was carried out by Allied Works Council men and the mining by internee labour, the latter being paid the military rate of pay in comparison with the demands of the miners who unsuccessfully asked for 30s a day. Mount Morgan seems to have been poorly treated in comparison to the help given to Mount Isa by way of a £50,000 guarantee for a bank loan and the allocation of men from the Civil Construction Corps, with the government meeting the cost of an extra £21s allowance for these men above award wages. In addition to work at Mount Chalmers, modifying No. 2 Mill to treat the additional ore and the planning of a new and larger smelter to cope with the extra concentrate to be produced, placed further load on an already overworked staff, work for which no record of payment exists.

60 White, A Study of Mining at Mount Chalmers and Treatment at Mount Morgan, section 2.2.4, History 1914 to 1947.
61 Chairman's Address, 1943 AGM, 28 October 1943. CAPCOL, Box M14/1281.1.
62 The Board decided on 24 September 1942 no charge would be made. The motion was rescinded on 7 April 1943 and fees were charged from September 1942. BM, 24 September 1942 and 7 April 1942. CAPCOL, Box D15/387.
63 There is no reference in the BMs to the nationality of these internees, but Mount Morgan stories always asserted they were Italians.
64 Report by Newman, BM, 13 May 1943. CAPCOL, Box D15/387.
65 Mount Isa may have been given preferential treatment because of a perception that output from Mount Lyell and Mount Morgan could not be increased significantly for technical reasons, while Mount Isa offered better potential because of its larger ore-body and its connection with Asarco. This faith was well placed, because Mount Isa turned out copper at the rate of 12,000 tons a year almost immediately it commenced smelting in April 1943. Butlin and Schedvin, War Economy 1942-1945, p. 456 state production commenced "at the end of 1943"; Blainey states copper production started three days after lead smelting ceased on 9 April 1943. Blainey, Mines in the Spinifex, pp. 185-188.
66 BMs covering the whole period that Mount Chalmers was operating. CAPCOL, Box D15/387.
No sooner was Mount Chalmers producing, than the government ordered its closure! At the same time as financial and manpower concessions were granted to Mount Isa, the Company was planning its second smelter, ostensibly to handle the tonnages of concentrate boosted by the addition of material from Mount Chalmers, but in reality necessary because of the poor condition and general unsuitability of the 1939 furnace. The construction of this new smelter, almost double the capacity of the existing one, was nearing completion when Mount Chalmers was closed. The Company had no choice but to complete the furnace, particularly as the condition of the old furnace was deteriorating rapidly. At this time, the government demonstrated its lack of interest in copper when, showing little concern for Mount Isa Mine's expenditure of £200,000 on a copper plant, it told that company its copper was not required after February 1943.

The Company had applied to the Department of the Treasury for a bank guarantee of £125,000 to finance smelter construction, with the loan repayable at the rate of £5 a ton of blister copper produced but, from the start of negotiations, conditions imposed by the government were unacceptable. Eventually, after arguing back and forth for almost two years, only the condition that a government representative be appointed to the Board remained to be agreed. The Board argued that Newman, as a government employee and already a member of the Board would be an ideal choice but, in a peculiar piece of bureaucratic reasoning, the government refused because Newman was "fully engaged with his

67 BM, 2 July 1942. CAPCOL, Box D15/387. The 1942 AGM was told the furnace was too small and a second furnace was required to provide a 'standby unit' to ensure continuous production.
68 Comparative dimensions of the two furnaces are recorded in the Company engineering drawings under the RF index series, CAPCOL.
69 Blainey details Julius Kruttschnitt's battles with the government, which resulted in Mount Isa being allowed to produce copper until 2 May 1946. Blainey, Mines in the Spinifex, pp. 189-191.
70 A complete file of correspondence between the Company (in particular from Chairman Morgan) and Mr A. C. Smith, Secretary of the Department of Supply and Development, covering the period July 1942 to April 1944, is contained in files CAPCOL, Boxes M14/1284.23 and M14/1285.14. BMs of the same period summarise this correspondence. CAPCOL, Box D15/387.
government duties". \footnote{BM\textsc{s} of the period indicate that, notwithstanding his government duties, Newman attended at least every second monthly meeting during 1943 in his private capacity as a Board member. BM\textsc{s}, CAPCOL, Box D15/387.} The Company refused to accept another nominee and decided to fund the smelter without an outside guarantee. These circumstances show that despite, or perhaps because of, Malcolm Newman's powerful government position on the Minerals Committee, the Company enjoyed no special treatment.

This was the third occasion on which raising finance to construct a smelting plant appears to have caused the mine owners problems. The first of which was in 1906 when the Old Company faced the prospect of having to treat the huge deposits of copper which had intruded on its previously wealthy gold mine. At that time W. K. D'Arcy, the major shareholder, financially embarrassed by his extravagant British lifestyle and his need to fund his explorations for oil in Persia, \footnote{D'Arcy's lifestyle and his successful search for oil are well documented in Kerr, Mount Morgan: Gold, Copper and Oil, pp. 111-113 and in McDonald, Rockhampton, A History of City and District, p. 331.} was reluctant to contribute his share of the £125,000 capital being called up to fund the smelter. \footnote{This was the balance of the £1M authorised capital of the Old Company.} In D'Arcy's place and along with other political reasons, including the intention of keeping outsiders from taking up the shortfall, Walter Hall provided £75,000 at bank interest. \footnote{Blainey, The Rush That Never Ended, p. 245.}

The second occasion was in 1938, when shortage of reliable shipping to transport its concentrate overseas, the increasing signs of an approaching war and probable pressure from the Commonwealth government's Advisory Panel on Industrial Organisation forced the Company to build a smelter in advance of its well structured construction program. \footnote{QMJ, February 1938, p. 39.} Chairman Campbell faced the problem that his financially rewarding construction
program, carefully planned throughout the period since the Mine became profitable, had been disrupted by this early decision. On this occasion there was no internal benefactor like Hall to provide cheap money, and Campbell had to obtain funds from the public without increasing the ordinary share capital. The Board therefore decided to issue 200,000 preference shares at £1 each and returning 8% dividend. As already discussed in chapter seven, the Directors soon faced criticism of the float and of the way in which it was organised, but there was no other choice if the Company was to have its smelter.

In an attempt to keep the costs as low as possible, the technical steering committee commissioned by Campbell had canvassed the options of adapting the Old Company's large experimental reverberatory furnace to smelt the much smaller quantities of concentrate to be produced in the foreseeable future or of purchasing, at scrap prices, the old blast furnace plant from the Mt Elliott Limited smelters. The reverberatory furnace was far too large, while the remains of the Old Company blast furnaces were still in place and may have been cheaper to re-commission than the remote Mt Elliott equipment, which was of the same vintage. For these reasons, both proposals were rejected in favour of a new and smaller furnace but salvaging as much existing equipment as possible.

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76 The rehabilitation and extension to No. 1 Mill, the construction of the Oxide Mill and the re-equipping of the Power Station. The economic advantages of this program were discussed in chapter six.

77 In 1937, the Company still expected it would be at least "two years before [building a smelter] becomes urgent". Chairman's Address, AGM, 30 September 1937.

78 Campbell and Boyd [in particular] would have been reluctant to dilute their share holdings by the issue of additional ordinary shares. They had been shareholders from the beginning and an numbered table in CAPCOL Box S54 shows these early shareholders had enjoyed a 217% return on their investment. Later investors who had paid a premium for their shares were not so fortunate.

79 The geology, history and operations of mines in the Cloncurry copper field may be found in the Mining Registrar's reports for the years 1907-1914, reported in QMJ for those years. The report of 1910 contains two excellent photographs of the Mt Elliott smelter reproduced following p. 55. See also K. H. Kennedy, "The Cloncurry Copper Companies", published in Kennedy (ed), Readings in North Queensland Mining History, vol 1, Townsville, JCU, 1980. James Horsburgh had been General Manager of the Chillagoe smelters from 1907-1914.
The new reverberatory style furnace was built on the site of some of the Old Company's blast furnaces and although initially the cost of smelting concentrate was greater than that of treatment by Asarco, provided security against shipping problems. The construction of this smelter, the first of three which the Company built over the next 33 years, almost completed the treatment cycle from mining to refined copper.

In 1942 and three months after the second smelter was first proposed, although the application for funding assistance had only just been referred to a Committee of Treasury, it was decided to proceed "with preliminary ... site [work] ... to avoid delay". As has already been suggested, the need for a second smelter was urgent irrespective of how it was to be funded. Apparently not learning from the 1938 studies, non-technical director O'Sullivan tried to delay the decision to build the second smelter when he unsuccessfully moved nothing be done until a report that Mount Isa was commissioning a blast furnace smelter was investigated. O'Sullivan's interference had little effect however and the motion was lost on the Chairman's casting vote.

The Company's intentions, although carefully hidden from the government, were made clear when the General Manager was instructed to order equipment on the understanding that there be no reference to the new smelter "until the loan from the government has been finalised". Further,

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80 This was No. 1 smelter, the second commissioned in 1944 was No. 2 smelter and the third, commissioned in 1972, was called the "Flash Smelter".
81 At the Board meeting of 6 April 1942. CAPCOL, Box D15/387.
82 BM, 30 July 1942. CAPCOL, Box D15/387.
83 Which were done before he came on the Board.
84 What O'Sullivan apparently did not appreciate was that the Mount Isa furnace was the same one Horsburgh had rejected four years before and was part of the entire smelting plants of the Mount Elliott and Kuridala mines in the Cloncurry area. This equipment had been bought by the Isa for scrap prices and re-erected as a matter of expediency, despite its outdated technology, in order to start copper smelting as quickly as possible. Geoffrey Blainey gives details of the purchase, erection and commissioning of this smelter. Blainey, Mines in the Spinifex, pp. 186-188.
85 Directors Owen and Crawford supported O'Sullivan. BM, 2 July 1942. CAPCOL, Box D15/387.
86 BM, 27 August 1942. CAPCOL, Box D15/387.
the Company was cautious that a satisfactory arrangement would be made with the Treasury and planned alternative strategies. If the application was successful, the plan was to convert the despised 200,000 preference shares into a new issue, thus releasing the £125,000 invested for their redemption for other plant expansion; if the application was not successful, it was proposed to convert the 200,000 shares and issue a further 100,000 preference shares. In either case, the Company would have sufficient cash in hand to build the smelter. In the end, it was the latter course which was followed, but even here there was government intervention with permission being needed from Capital Issues Board to make the issue and with the British government ruling existing preference shareholders could not take up any of the additional 100,000 shares. Although Directors thought the issue might be poorly supported because of recent losses, the issue was oversubscribed by nearly £100,000.

While the No. 1 smelter had been commissioned within a year of taking the decision to proceed, construction of the No. 2 smelter, completed on 2 May 1944, took about six months longer than had been planned, principally because of delays in delivery of vital components. The closure of Mount Chalmers meant that the additional tonnages of concentrate from this source could no longer be produced and a corresponding reduction in the capacity of the new furnace was now required. Technically this was a fairly simple matter, but the Board demonstrated its lack of faith in the ability of its own staff to make the necessary alteration to the design by seeking the

87 These were the shares which had caused so much trouble for the Board when issued in 1938.
88 BM, 16 December 1943. CAPCOL, Box D15/387.
89 In the second case, there would be the extra £100,000 from the new issue, plus the £125,000 from the redemption fund.
90 Through the Commonwealth Actuary. BM, 11 May 1944. CAPCOL, Box D15/387.
91 BM, 3 August 1944. CAPCOL, Box D15/387.
92 The excess subscriptions were returned to the subscribers. BM, 15 August 1944. CAPCOL, Box D15/387.
93 Among which were the waste heat boilers. BM, 26 November 1942. CAPCOL, Box D15/387.
The Old Company blast furnaces are to the right, the Power Station rear right and the new roasting furnaces in the foreground.

THE FINAL PRODUCT - BLISTER COPPER.

Photographs from CAPCOL.

PHOTOGRAPH SEVENTEEN
opinion of F. H. Rickleman, General Superintendent of The Electrolytic Refining and Smelting Company. This lack of faith and the later involvement of consultants will be discussed in detail in chapter eight.

Rickleman agreed with staff recommendation to shorten the furnace by 21 feet and the smelter was commissioned. Because it was smaller than originally intended, the new smelter did not perform well but once modified to cope with larger tonnages of concentrate and to incorporate the latest furnace technology, continued to be used with good results for almost 30 years.

Ideally, the next step in maximising the return from the Mine should have been the construction of a plant to produce refined copper directly suited to the production of commercial copper products such as sheets, wire and tubing. The Old Company had taken such a step in 1908 when, with a number of partners, it built the Electrolytic Refining & Smelting Company refinery, but at Port Kembla rather than at Mount Morgan. Boyd now attempted to convince governments that a refinery should be built at Mount Morgan. The copper refinery at Port Kembla, as well as almost all the country's other processing plants and power sources were on the coast and vulnerable to attack from the sea. In arguing that de-centralisation of these facilities would have a strategic advantage, Boyd probably had not considered the fact that modern aircraft, operating from aircraft carriers, as was yet to happen at Pearl Harbour, could be almost as destructive as could a bombardment from a battle fleet positioned well off shore.

94 The foundations for the longer furnace were in place and when tonnages were increased in 1947 the furnace went back to its original design length of 71 feet. MML drawings RF series, CAPCOL. See also Pullar and Hennessy, “Smelting Practice at Mount Morgan”, Proceedings, The AusIMM, new series No. 166-167, 1952, p. 139.

95 The furnace was replaced by the Outokumpu style Flash Smelter in March 1972. PWL, 14th AR, 1971-1972. RFBCOL. See also Kerr, Mount Morgan: Gold, Copper and Oil, pp.233-235.

96 Kerr, Mount Morgan: Gold, Copper and Oil, pp. 158-160.
Positioning a power station and a refinery at or near Mount Morgan would have been no guarantee of its safety.

Early in 1942 and in keeping with his general philosophy that any expansion should be achieved with the minimum capital outlay or with someone else paying, it had been Boyd's suggestion to the Central Queensland Development Committee that a copper refinery should be built at Mount Morgan.\(^97\) This plant was to use coal from Baralaba to generate power, and pyrite from the huge reserves contained in tailings from the Mills to produce sulphuric acid. Boyd's detailed recommendation presented various capacity options sized to treat up to 12,000 tons of copper a year and, in his usual thorough manner, was very accurately costed. He argued that with the government's stated policy of increasing domestic production, current refinery capacity would soon be inadequate. Boyd was right, a fact that was confirmed when the Department of Supply and Development acknowledged, after Mount Isa came on stream, that "the present refining capacity in Australia [was] insufficient to cope with the present production".\(^98\) Nevertheless, although representations by the Development League and Boyd to the Queensland Premier resulted in his support, applications to the Commonwealth government for approval and financial assistance to establish the refinery met with delaying tactics.

There were possibly two reasons for these tactics, the first very obvious and the second only a matter of conjecture. It has already been shown that the government had mismanaged the question of the level of copper production required, so with stockpiles of the red metal growing, the Copper and Bauxite Committee may already have realised it was heading for an over-production and additional refining capacity would not be

\(^{97}\) Boyd's submissions of 3 August and November 1941. CAPCOL, Box M14/1284.8.

\(^{98}\) BM, 24 September 1943. CAPCOL, Box D15/387.
required. Kruttschnitt’s defiance of the government order to stop producing copper by January 1944 upset these plans and certainly resulted in Mount Morgan having to fight to be allocated a larger quota for treatment of their product by the under-capacity Port Kembla refinery. The second reason may be much more subtle, with the Copper and Bauxite Committee accepting a recommendation from its Chairman, Sir Colin Fraser, that representatives of the Electrolytic Smelting and Refining Company and Mount Morgan should meet to discuss the economics of the project. The involvement of the refiners in this auditing process seems strange, given the vested interest this company had in preserving its position as refiner for Australian production of copper. Further, Fraser was Chairman of both the Copper and Bauxite Committee and of the Electrolytic company.

The matter dragged on for months, with the final reference to the matter expressing conflicting information. Firstly there was correspondence from the Department of Supply and Development asking if the Company would be prepared to supervise the plant, if built, for a management fee and then a report from Newman saying that any decision had been postponed until the questions of manpower availability had been settled. The Company appears to have acknowledged defeat when a month later, it authorised the Chairman to negotiate a long term contract with Fraser for the treatment of its product by the Electrolytic Smelting and Refining Company. The abandonment of the project was probably yet another of the many major disappointments in the Company investment history, since it was then forced to continue to use the Port Kembla company as its refiner for another

99 BMs 18 March 1943, 13 May 1943, 10 June 1943 and 2 September 1943. CAPCOL, Box D15/387.
100 Boyd, Horsburgh and John were appointed by the Board to represent the Company. BM, 22 January 1942. CAPCOL, Box D15/387.
101 BM, 10 June 1943, dealing with the question of charges for realisation of the Company's blister copper. CAPCOL, Box D15/387.
102 Both reports were tabled at the same Board Meeting. BM, 24 September 1942. CAPCOL, Box D15/387.
23 years, \(^{103}\) since it denied the opportunity to develop and market its pyrite resource and since the Baralaba coal mine never did expand above the capacity to supply the Company's relatively small power generation and smelting requirements.

Despite all the management and operating problems the Company had encountered since it started, income tax had never been one of them, and this had been an advantage which had flowed on from the Old Company. By legislation introduced in 1924, the Old Company had been exempt from tax provided that 40% of its total income was derived from gold. \(^{104}\) The Company continued to enjoy this exemption but from 15 September 1939, while income was still exempted from tax, a special gold tax of 50% of the "amount by which the price payable by the [Commonwealth] Bank \(^{105}\) for each fine ounce delivered exceeded £9 sterling" was levied as "a war time measure". \(^{106}\) Throughout the war and until September 1947, when the tax was suspended, \(^{107}\) the Company paid £168,307 in tax, apparently enjoying some rebate during the last two years of the war under the Gold Mining Encouragement Act. This Act, passed at the same time as the gold tax was imposed, allowed gold producers working marginal claims to a refund of some of the gold tax. \(^{108}\) It seems to have been a smart piece of negotiation which enabled the Company to claim this rebate, given that although it had always claimed to be a marginal operation, it had made such substantial

\(^{103}\) Until a long term and favourable contract was signed with Sumitomo in 1965. *AGM*, 1965.

\(^{104}\) *Inquiry into the Taxation of Gold Mining, August 1986*, chapter 8, section 8.1.2, pp. 84, 85. The Inquiry was told a 1924 Senate amendment to the income tax laws, to include those gold producers whose output included substantial amounts of copper, was designed around "Mount Morgan Ltd" [sic]; this is an error, the company operating Mount Morgan in 1924 was still the Mount Morgan Gold Mining Company Limited.

\(^{105}\) Until 1976, producers could sell only to the Commonwealth Bank (later the Reserve Bank), *Inquiry into the Taxation of Gold Mining*, chapter 8, section 8.1.3, p. 86.

\(^{106}\) *Inquiry into the Taxation of Gold Mining*, chapter 8, section 8.1.6, pp. 87, 88.

\(^{107}\) The tax was not repealed until 31 December 1950, *Inquiry into the Taxation of Gold Mining*, p. 88.

\(^{108}\) *Inquiry into the Taxation of Gold Mining*, chapter 8, section 8.1.6, p. 88.
profits in the first five years of its life. Nevertheless, the tax, coming on top of the Company's other war-time problems had reduced its capacity to make a profit. The income tax exemption had given Boyd an additional reason to complain about having to provide guards to protect his dams against sabotage at a cost of £110 a week. Because Mount Morgan profits were not taxable, neither were expenses tax deductible but had Company income been taxable, it is likely this expenditure, like that on air raid precautions required for the production of taxable income would have been an allowable deduction. In Boyd's case, the cost of meeting the demands of government were borne entirely by the Company.

Chapters four and five have discussed the lack of harmony between members of the Board, and although there were suggestions of this dissonance extending towards its senior staff, it is the war period which appears to provide the first concrete evidence of this dissension. Management at the Mine had been under enormous pressures because of the factors already discussed and bearing the brunt of these pressures was General Manager Lew Westcott, whose retirement because of ill health in March 1944 precipitated remarkably unethical behaviour by the Board in relationship to the appointment of his replacement. It has been suggested that the policy of a reduction in overburden tonnages caused a rift in the relationship of Westcott and the Board, but there is no firm evidence of this. In fact it was Westcott who, in November 1942 had first proposed a reduced overburden program despite his undoubted preference, as a good mining engineer, to maintain advances in the waste benches.

110 By rumours that McAskill left because of a disagreement about the Oxide Mill construction, see chapter four.
111 Details of this incident are discussed in chapter eight.
112 Kerr, Mount Morgan: Gold, Copper and Oil, p. 203.
113 BM, 26 November 1942. CAPCOL, Box D15/387.
The euphemism "retired because of ill health" had been used at Mount Morgan before to explain the resignation of General Managers, but in Westcott's case there is ample evidence to suggest that it was the stress of five years of wartime management which had taken its toll; perhaps the final straw may have been a disagreement with the Board, but the fact that the Mine had survived thus far was a tribute to Westcott's professionalism. The additional costs resulting from poor labour, the need to continue using obsolete equipment, shortage of supplies, the gold tax, and the problems of providing sufficient high grade ore to be treated took its toll. For the first time in 13 years, the Company recorded a loss of £122,580 for the year 1943-44 and this sent shivers of apprehension through the Board, resulting in the publication of a booklet, written by the foremost authority on the Mount Morgan ore-body, B. G. Patterson. The booklet explained to shareholders that the situation was temporary, that the Company's greatest asset, its orebody, still remained and that with signs of the war ending the position would soon be corrected. The loss was serious, with surplus liquid assets reducing by £154,000 and the reserves by £83,000. Nevertheless, while there had been no profit, the preference shareholders had still received their £32,000 in dividends, £53,199 had been transferred to the reserve account and the value of plant installed during the year amounted to another £83,000. The actual reduction in book value was therefore only about £69,000. The Mine had survived the war, despite the obstacles placed in its way by inefficient government agencies charged with the production of metals, despite the shortages of labour and the poor output of

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114 For example, the resignation of Captain Richard in 1911. McDonald, Rockhampton, A History of City and District, p. 316.
115 AR, 1944. See also Chairman's address, AGM, 26 October 1944.
117 The author has calculated these balances from “Summary of Balance Sheets” figure F, contained in papers prepared for a hearing of the Industrial Court, 15 July 1947. The EXCEL™ spreadsheet containing these calculations is in RFBCOL.
many of those who were available, and despite the many attempts by Board members to 'help' management. That it survived was partly due to the fact that the war ended when it did, but mostly it was due to the work of the management and staff who dealt with problems as serious as those faced in the start-up period of 1932. The future now looked rosy, but no-one could foresee the significant social and industrial changes which would follow the war's end just as they had after World War I and management soon found itself with a fresh set of problems to solve, problems which were to hinder but not prevent its recovery to profitability.
ADAM BOYD AND LEW WESTCOTT.

At a Mine Picnic arranged by the Works Welfare Committee.

Photograph from CAPCOL.

MOUNT MORGAN LIMITED EXECUTIVES - 1939.

Sitting (L to R): Brian Lennon, Sulphide Mill Superintendent; Max Playford, Assistant General Manager; Lew Westcott, General Manager; Morgan John, Chief Engineer; Frank Birchall, Mine Superintendent.

Standing (L to R): John Kelly, Chief Electrician; Cyril Smith, Accountant; Leo Abell, Research Officer; B. G. Patterson, Chief Surveyor; W. Cropp, Smelter Superintendent; Al Thomas, Chief Assayer; Bill Holford, Oxide Mill Superintendent.

Photograph from booklet Mount Morgan, Queensland, March 1939.

PHOTOGRAPH EIGHTEEN
As it became obvious towards the end of 1944 that the allies were winning the war, the government seriously considered what its attitude would be to post-war development, in particular to the future of private industry. Hasluck points out that there was still control of capital issues and bank lending, a situation the Company encountered when it sought an extension of its overdraft and considered a share issue as late as February 1948. Along with financial controls, the government kept a firm hand on supplies, particularly those which, like petroleum products, had to be imported. Offsetting these controls to some degree was the release of surplus supplies no longer required to pursue the war effort and a removal of the wartime manpower controls, allowing those in formerly protected industries to move to other work.

The war had ended in August 1945 with the Company in a precarious financial and operating position, but with its greatest asset, its well defined ore body still containing almost six million tons of ore. The task of restoring the Mine to a sound operating position in the closing years of the war and beyond fell to Westcott's successor, Morgan John. John inherited

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1 Hasluck, The Forward View, p 520.
2 To guarantee an overdraft to tide the Company over the lack of cash flow during the Queensland rail strike. Conditions for the share issue are discussed in BM, 10 June 1948. CAPCOL, Box D15/388.
3 Sulphide ore reserves were 5,780,363 tons, while another 3,412,750 tons of substantially lower grade were included as "indicated material". GMAR, 21 August 1945, p. 11. CAPCOL, Box D15/354.5.
a run-down Open Cut, a loss of £122,580, \(^4\) a poor quality workforce \(^5\) but basically sound treatment plants. This chapter will examine the problems which the Company experienced as it attempted to re-establish the Mine as a profitable operation. The Company did recover and in 1950, despite post-war difficulties \(^6\) but assisted by a dramatic rise in the price of gold, \(^7\) paid its first ordinary dividend in 13 years; if this recovery in such unsettled times is a measure of John's management, then he was a success. On the other hand, the circumstances leading to John's appointment seem to contain several points which suggest that, while he had been an excellent Chief Engineer, and although he was to be a hard-working and dedicated General Manager, \(^8\) he may not have been the best choice for the position. The team of John and his assistant Sheil appears to have initiated major changes in both technical and community direction but there is a perception that, as one colleague asserts, John's time was "a period of vacillation". \(^9\)

Along with the problems of re-equipping the Mine and re-establishing a realistic mining program, there will be forthcoming in this chapter evidence that some members of the Board may have had reservations about the suitability of Morgan John, appointed as General Manager under less than ethical circumstances, for the task of rebuilding the operation. While subtle changes in the direction of Company policy were more notable in the period preceding Adam Boyd's death in December 1948, the contrast immediately after that event is striking. The appointment of Keith Addison Cameron as

\(^4\) For the year ended 30 June 1944, \textit{AR}, 31 August 1944. 'Inherited' is perhaps the wrong term, because John had to accept some of the responsibility for the loss, given he had been Acting General Manager from July 1943 to 25 August 1943, Joint Assistant General Manager until March 1944 and General Manager for the remainder of the year.

\(^5\) As explained in chapter seven.

\(^6\) At each \textit{AGM} from 1945 to 1948, the Chairman paid tribute to the extreme difficulties under which the management had worked during the preceding year.

\(^7\) Because of a devaluation of Sterling on 19 September 1949, gold rose from £10. 15s. 3d. an ounce to £15. 9s. 10d. an ounce. \textit{AGM}, 27 October 1949, RFBCOL.

\(^8\) Kerr, \textit{Mount Morgan: Gold, Copper and Oil}, p. 207.

\(^9\) Stuart Pullar, former Smelter Superintendent, OH with Rod Elvich, 22 April, 1993.
Managing Director and Glenister Sheil as General Manager within eighteen months represented the first major change of direction in Company policy since Campbell resigned in 1938. The question should be raised whether, during his period as General Manager, John’s major policies were being driven ‘from below’ by his assistant Glenister Sheil, for it was Sheil who, more than any other figure, was to bring a new management style to the Company in the decades which followed.

As discussed in chapter seven, the Company had, prior to 1938, been following a structured program of plant development and modification but during the seven years of Westcott’s management this program had been greatly disrupted by government demands to satisfy the war effort and by the controls and shortages occasioned by war. The building of the two smelters had been made of necessity while the progression into modern earth moving equipment, begun with the purchase of two modern diesel shovels at the beginning of 1938 and continued with the introduction of motor truck transport for dumping of waste from the upper levels, had been delayed and indeed stifled by wartime controls. Under Westcott’s management there had been an initial, progressive increase in the amount of ore treated by the mills and an accelerated program of advance overburden removal had ensured orderly development of the Open Cut but wartime difficulties outlined previously in chapter seven had placed survival before development - and Westcott had been in charge during this change in policy.

10 From July 1937 to March 1944.
11 One in February, the second in May 1938. GMAR, 1 August 1938, p. 12. CAPCOL, Box D15/354.1.
12 There is a photograph of a truck tipping waste at Hall’s Gully and several of the “new” diesel shovels in the publication Mount Morgan Limited, Queensland, Sydney, Mount Morgan Limited, 1939, un-numbered pages. This photograph has been reproduced as photograph sixteen in chapter seven of this thesis.
John succeeded Westcott when the latter retired because of ill health but the accepted reason for Westcott's departure has always been, in Mount Morgan legend, that Westcott had disagreed with the Board's policy of cutting back on advance overburden removal and resigned in protest. While it is likely such disagreements took place, the minutes record no such dispute between Westcott and the Board. Throughout this study there have been several examples of conflicts between written records and the opinions expressed by workers, either in formal oral histories or in crib room discussions. These conflicts highlight that caution is necessary when using oral histories, while at the same time revealing the possibility that records may have been deliberately suppressed by the Board in order to hide the true reasons for an event.

Westcott was a very competent engineer, whose mining and management experience around Australia had earned him the respect of the Collins House Group, with Lindesay Clarke commenting, when Westcott left Kalgoorlie to become General Manager of Mount Morgan:

we recognised that we were losing a most valuable man and it was a great loss to me personally.

Clarke's high regard for Westcott was supported by Mount Morgan which recognised Westcott's value and granted him, in addition to his £4,000 a

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13 Kerr, *Mount Morgan; Gold, Copper and Oil*, p. 203. Noel Kirby has commented that on the one hand, the operators always wanted to move larger quantities of overburden as a matter of good practical operation of the Open Cut, while the Board always wanted to minimise the tonnages removed in order to cut expenses and it was a continuing battle. Noel Kirby, OH with R. F. Boyle, 3 October 1992.

14 Grabbs' opinions of the reasons for the closure of the Mine in 1927 are discussed in chapter three of this thesis; the rumoured reason McAskill left the Company is discussed in chapter five of this thesis; in this chapter, the legends surrounding Westcott's departure have been aired.

15 G. Lindesay Clarke, *Built on Gold, Recollections of Western Mining*, p. 15.
year salary, \(^{16}\) attractive employment conditions such as payment by the Company of his Commonwealth and state income tax, \(^{17}\) an interest free loan "to assist him to pay his income tax for the year 1940-1941", \(^{18}\) and a loan of £2,500 to assist him to buy Company shares. \(^{19}\) Even when he resigned, the Board, in an un-characteristically generous action, awarded him a retiring gratuity of £5,500 \(^{20}\) and in 1949 engaged him to advise on the worth of the Mount Chalmers mine, \(^{21}\) therefore reinforcing the argument that Westcott had not been forced by the Board to leave his position.

Financial recognition and being a competent engineer were not enough, however, to prevent Westcott from succumbing to the stress imposed by the responsibilities of his wartime management. While the Board responded positively to his request for at least three months leave of absence from 30 June 1943, \(^{22}\) the Director's immediate reaction, resulting from their assumption that Westcott would be unable to "resume his duties on the same basis as formerly", \(^{23}\) was to initiate a search for a "competent engineer" to become General Manager. \(^{24}\) Whatever the final reason for Westcott's resignation, as early as June 1943 the Board had obviously decided Westcott's usefulness had come to an end. During Westcott's leave, the Board appointed Morgan John as Acting General Manager but in

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\(^{16}\) BM, 10 July 1939. CAPCOL, Box D15/386. Westcott's salary of £4,000 a year in 1939 is equivalent to $100,400 a year in 1993 dollars. See The FitzHerbert Converter, a section of which has been quoted with the Table of Units at the beginning of this thesis.

\(^{17}\) With the war-time 'super tax' imposed on income, the Company was forced to pay about £1,900 in tax for Westcott during 1941. BM, 6 March 1941. CAPCOL, D15/387.

\(^{18}\) BM, 18 December 1941. CAPCOL, Box D15/387. This payment presumably was on additional income he had earned from his property in Western Queensland. See BM, 8 July 1943 which indicates that when Westcott was granted sick leave, he had advised he would be spending his time "on his property". CAPCOL, Box D15/387.

\(^{19}\) AGM, 1938.

\(^{20}\) The Board may have been generous with someone else's money because the retiring allowance appears to have come from an insurance policy taken out by the Company in 1941. BM, 18 December 1941. CAPCOL, Box D15/387.

\(^{21}\) The government had asked if the Company was interested in taking over the property. BMs, 24 January 1946 and 4 February 1946. CAPCOL, Box D15/387.

\(^{22}\) Westcott was acting on advice from his medical adviser. BM, 8 July 1943. CAPCOL, Box D15/387.

\(^{23}\) BM, 8 July 1943. CAPCOL, Box D15/387.

\(^{24}\) BM, 8 July 1943. CAPCOL, Box D15/387.
the light of events which occurred less than a year later, it is strange that the Board should now demonstrate its lack of faith in his ability to satisfactorily fill this position. John's appointment was made only on condition that Adam Boyd agree to "spend three or four days a week at the Mine", thus confirming an earlier opinion that there should always be a mining man on the lease to support John when he acted as General Manager. While these were two instances in which these opinions were formally stated, the reality was that Boyd was frequently on site irrespective of who was in charge.

The Board had already been considering professional support for Westcott when in February 1943 it offered Geoffrey Hudspeth the position of assistant to Mine Manager Frank Birchall who, although a competent mining man, was not professionally qualified. Hudspeth had been unable to accept and now Noel Kirby, Westcott's son-in-law previously employed by the Company as a mining engineer, was offered the position as Westcott's assistant. As a qualified Mining Engineer with considerable knowledge of the Mine from his years at Mount Morgan, Kirby was ideally suited to the position. Mount Morgan was not an underground mine, but the development of the underground workings which were continually being

25 BM, 8 July 1943. CAPCOL, Box D15/387.
26 This opinion was expressed at several BMs during the second part of 1933 when Boyd was away from the Mine on sick leave. See chapter three for a discussion on Boyd's absence. On that occasion Tom Owen spent considerable time at the Mine, and when Boyd returned, Horsburgh was appointed as his assistant. BM, 23 June 1933. CAPCOL, Box D15/386. AGM 1933. CAPCOL, Box M14/1281.14.
27 Confidential section of the report by the New Zealand delegation; see chapter six.
28 It had been evident early in 1943 that Westcott's duties were weighing heavily on him and the Board had resolved to provide him with an experienced mining engineer as his assistant, thus filling a gap left when Max Playford, Westcott's assistant since 1938, had resigned that position in April 1941 to enter the Department of Munitions. The suggestion to employ Hudspeth had come from Westcott. BM, 18 February 1943. CAPCOL, Box D15/387.
29 Hudspeth, a Civil engineer was employed by the Mt Lyell Mining and Railway Company. Blainey, The Peaks of Lyell, p. 286. The Mt Lyell company refused to release Hudspeth using the provisions of the National Security (Manpower) Regulations of 29 January 1942. BM, 18 March 1943. CAPCOL, Box D15/387.
30 Mount Isa Mines Limited agreed to release Kirby from his position of Underground Mine Manager to take up the Mount Morgan position. For Kirby's biographical entry see Appendix B.
opened to service the Open Cut required someone with underground experience and Kirby had that experience at Mount Isa. It is unlikely, however, that in appointing Kirby, the Board anticipated the immediate upheaval the appointment would cause.

No sooner had Kirby taken up his duties at the Mine than Morgan Johr submitted his resignation in order to accept the position of Electrical Engineer to the Rockhampton City Council. Boyd informed the Board that he believed the resignation was the result of Kirby's appointment as Assistant General Manager and the "consequent loss of status to Mr John".  

Demonstrating its unwillingness to lose their very competent Chief Engineer and its commitment to the 'old-boy' network, the Board acted quickly to persuade him to stay. John was offered the position of Joint Assistant General Manager [with Kirby] and, in an amazing reversal of the previous lack of confidence in his management ability, the right of succession to the General Managership, an offer John initially accepted but only after the Board had agreed to his demand that he be appointed General Manager within twelve months. Having sensed the power he had over the Board, John now insisted he should be "recognised as the senior officer and the one to act for the General Manager in his absence" but this time his plan did not succeed, the Board agreeing with Kirby's assertion that the positions were equal and each should act alternately in the absence of Westcott. The Board's treatment of the thirty three year old Kirby was, to say the least, unethical in that it bowed to what amounted to blackmail by the almost thirty years older John, whose long and outstanding

31 Boyd to the Board. BM, 25 November 1943. CAPCOL, Box D15/387.
32 This arrangement clearly indicates that the Board now considered Westcott past the point of usefulness to the Company. When the motion to ratify the agreement with John was put, O'Sullivan objected to the £3,000 salary John was to be paid and voted against the resolution "on that ground". John's proposed salary was considerably less than Westcott's salary package. BM, 15 December 1943. CAPCOL, Box D15/387.
33 BM, 20 January 1944. CAPCOL, Box D15/387.
services as Chief Engineer they were reluctant to lose. The Mount Morgan 'old boy' network discussed in chapter four was nowhere better displayed than in this incident, with John as a long-time associate of Boyd's receiving favoured treatment, although as Kirby's later career was to demonstrate, the latter appears to have had greater management potential than did John.

Although Board minutes indicate Westcott had been consulted from time to time throughout the negotiations with John, later events seem to indicate that he may not have known of the Board's agreement with John on the right of succession to the General Managership. Indeed, at the critical point when this aspect of John's appointment as Assistant General Manager was being considered, instead of discussing the matter with Westcott, the Chairman sought an opinion from the Company solicitors whose reply of 19 January 1944 resulted in the matter being left in abeyance. Similarly, it is not clear how much Kirby knew of the succession arrangement but in agreeing to joint control, it is possible he was seeking breathing space to enable him to find another position. This argument is strengthened by the fact that, when Westcott resigned on 10 March 1944 with over three years of his contract to run, Kirby resigned the day before the Board appointed John as General Manager, requesting he be relieved of his duties on 17 March to take up a position with the Electrolytic Zinc Company at Risdon. Given that Kirby was Westcott's son-in-law, it is more than likely Kirby had some

34 "The Board was terrified at the prospect of leaving Mount Morgan [engineering] with its miscellaneous collection of machinery in the hands of a newcomer”. Stuart Pullar, OH with Rod Elvich, 22 April, 1993.
35 The positions held by Kirby after he left Mount Morgan are listed in his biographical entry in Appendix B.
36 The Chairman outlined his reasons for not speaking with Westcott, as he had promised, at the December meeting. BM, 20 January 1944. CAPCOL, Box D15/387.
37 On 16 March 1944. BM, 16 March 1944. CAPCOL, Box D15/387.
38 His request was refused until a suitable substitute was found. BM, 16 March 1944. CAPCOL, Box D15/387. A minute in BM, 9 June 1944 relating to Kirby’s application for refund of monies from the Superannuation Scheme indicates he had ceased his employment at Mount Morgan somewhere before that date. BM, 9 June 1944. CAPCOL, Box D15/387.
forewarning of Westcott’s intention to resign, but more importantly it may have been Westcott’s connection with the Collins House group of companies which, supported by Kirby’s extensive experience and natural ability, helped him find a new position. 39

The Board now resumed its search for a ‘mining man’ as John’s assistant and in September 1944 appointed William Glenister Sheil, 40 a civil engineering graduate of Melbourne University who was at the time the Chief Civil Engineer for the Tasmanian Hydro-Electric Commission; over the next twenty years, Sheil was to bring a new management style to the Company. Sheil wasted no time settling into his task of putting the Open Cut back on a sound engineering footing 41 and as the decade ended, it is clear he had considerable influence in the overall policies proposed to the Board by management at the Mine. The record of Sheil’s policies when General Manager show that in particular he was concerned with Company accommodation, community relations and staff training and these elements began to show through for the first time in Board minutes soon after his appointment as John’s Assistant.

Foremost in the priorities was a resumption of the program to modernise the equipment in the Open Cut. As it had been at Mt Lyell, rock drilling practice still consisted of “the miner, hanging on his rope and working the rock face with bar or jackhammer”; 42 now these inefficient practices were replaced, at

39 Details of Westcott’s connection with other mining companies are contained in his biographical entry in Appendix B.
40 BM, 28 September 1944. CAPCOL, Box D15/387. Sheil took up his duties in November 1944. AGM, 26 October 1944. Details of Sheil’s biographical entry may be found in Appendix B.
41 In announcing Sheil’s appointment to shareholders, the Chairman had indicated that for some time Sheil would devote all his attention to the Open Cut. Chairman’s Address, AGM, 26 October 1944.
42 Blainey, The Peaks of Lyell, p. 286.
least in part, by modern wheel mounted drills and large churn drills. 43 Along with improvements in rock breaking techniques the loading equipment was in urgent need of upgrading, particularly given the age and small size of the steam driven machines which constituted the greater part of the plant. Foiled in an attempt by Westcott to install modern, large, electrically driven machines when the government confiscated the first for coal production even before it had arrived from England, the Company ordered a replacement. 44 Compensation of over £9,000 did little to make up for the damage the lack of this machine had caused to mine production, so in order to guarantee ownership of the first of the replacements, the Board paid a substantial deposit on the order, 45 also enlisting the aid of AWU President Clarrie Fallon to ensure delivery. 46

The purchase of new equipment presented two problems, firstly it was expensive for a Company struggling to recover from a loss position and secondly world-wide shortages meant long delays in delivery. 47 The Mine staff’s skill in adopting the Board’s long standing policy of improvisation made the purchase of second-hand equipment a practical alternative. As the war ended the government began to implement its June 1944 plans for disposing of its surplus army and Civil Construction Corps equipment 48 while some private dealers had available equipment acquired from the Pacific islands and in the Philippines. Morgan John’s long engineering

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43 AGM, 1 November 1945. CAPCOL, Box D15/387.
44 But possibly because of the lack of support given by the original supplier, Ruston & Hornsby, to the Company in the battle with the government over ownership, the order went to Ransomes and Rapier. BMs, 13 April 1944 [re Ruston machine] and 22 March 1945 [re Rapier machine]. CAPCOL, Box D15/387.
45 BM, 25 January 1945. CAPCOL, Box D15/388. But the Company made no pre-payment on the second machine. BM, 12 July 1945. CAPCOL, Box D15/388.
46 BM, 25 January 1945. CAPCOL, Box D15/388. Clarrie Fallon was a powerful ally of former Queensland Premier, Forgan Smith. See Denis Murphy, Roger Joyce and Margaret Cribb (ed.), *The Premiers of Queensland*, St Lucia, UQP, 1990, p. 473.
47 For example, the delivery of the second shovel took from September 1944 to March 1946. The placing of the order is mentioned in BM, 31 August 1944. CAPCOL, Box D15/387. Delivery was reported in GMAR, 7 August 1946. CAPCOL, Box D15/388.
“THE MINER HANGING ON HIS ROPE AND WORKING THE ROCK FACE WITH BAR OR JACKHAMMER.”

Photograph from Mount Morgan, Queensland, March 1939.

PHOTOGRAPH NINETEEN
experience showed through and over a period of a year, he purchased seven second hand diesel shovels, in good condition, from the Philippines at, in some cases, less than a quarter of new price. 49 This was not before the Company had considered manufacturing its own machines at Mount Morgan. 50

Modernisation of transport was the final area of concern and surplus disposals now provided the means of accomplishing this. Private contractors had provided the first motor transport within the Mine and although the plan to phase out rail haulage of ore and waste had been curtailed during the war, nevertheless in 1945 the Company had been the first in Australia to introduce diesel trucks underground. 51 Now, with the release of surplus military equipment, the Company found a ready source of large heavy duty trucks which could be easily adapted, using locally designed and manufactured bodies, to transport of ore and waste. With the 1941 criticism by Campbell and the New Zealand delegates still in their minds, 52 the Board agonised over whether the Company should operate its own haulage fleet as had been done at Mt Lyell 53 or whether it should continue with the current method of having the work done on contract. The Mine staff, led by Transport Director John Kelly, stood firm and it was finally decided the Company would purchase trucks and sell them to selected contractors. 54 The contract system of payment caused unexpected

49 BMs, 4 September 1947 and 2 September 1948. CAPCOL, Box D15/388.
50 BM, 15 May 1947. CAPCOL, Box D15/388.
52 Campbell’s circular to shareholders, August 1941. [Official] Report to New Zealand Shareholders, 25 September 1941. CAPCOL, Box M/14/1284.12.
54 BM, 15 May 1947. CAPCOL, Box D15/388. By the beginning of 1948, 18 Diamond T transporter trucks had been purchased from 'disposals' and converted to carry rock. BMs 20 February, 2 October, 27 November 1947 and 22 January 1948. CAPCOL, Box D15/388. There is anecdotal evidence that at least one senior official of the Company was a 'silent partner' of several of the contractors.
problems when it was extended to drillers, 'powder monkeys', shovel
drivers and even to the drivers of the contractor's trucks. According to
George Kearney, the Company's asset [its ore] was wasted when everyone
included in the contract:

chased tonnage and often waste was sent to the mills as ore
and ore to the dumps as waste so the tonnage handled
could be a maximum and attract a higher bonus payment.

The General Manager's Annual Reports for the period show clearly the
effect the modernisation program had on production. Open Cut output rose
from its disastrous war-time low of 1.3 M tons in 1945 to a respectable 2.2M
tons in 1948. Despite rises in labour costs as the result of additional
benefits granted by the Industrial Court, there was an overall reduction in
mining costs of 19% because of increased efficiency. Quite apart from the
technical developments in the Mine, positive steps were taken for the first
time in its 64 year history to construct a town water supply with Sheil acting
as Consulting Engineer to the Mount Morgan Shire Council and the
Company agreeing to pay a yearly fee for the supply of water from the
proposed Council supply. While initially driven by a particularly dry
period during which water was brought in to the Mine by rail from what was
subsequently to become the source of a town supply, this was the first of

55 Payment was based on a bonus for every ton handled above an agreed minimum figure. The
system applied until the Company finally bought and operated a fleet of modern 35 tonne trucks in
early 1969.
56 George Kearney was a shovel driver at Mount Morgan from the late 1940s until 1964. Private
communication with the author, 23 January 1994.
57 While costs were published at the time, it was not until the war ended and censorship was removed
that actual production figures could be published. The ARs of 1940 and 1945 record the placing
and removal of this embargo. Naturally enough, official records do not support Kearney's
statement, but only the tonnage of total material mined and this would have been correct
irrespective of the ultimate destination of the material mined.
58 Cost of mining all material (both waste and ore) mined had been 4s. 9.01d. in 1945, GMAR 1945,
p. 14 and in 1948 had reduced to 3s. 10.12d.. GMAR, 1948, p. 14. CAPCOL, Box D15/354.5.
59 BM, 6 August 1947. CAPCOL, Box D15/388.
60 From Fletcher Creek, about 13 miles downstream of Mount Morgan township.
many community projects with which the Mine was involved during the next 30 years.  

Larger equipment meant more efficient mining, newer equipment meant less maintenance; both were important factors in alleviating the shortage of labour brought about by the war and the subsequent movement of men as war time restrictions were removed.  

As early as April 1945, the Board was told there had been a “fairly good response” to advertisements for labour but over the next four years, it was a continuing struggle to maintain employment levels. The Company accepted the Commonwealth government’s assisted migration policies, advertising overseas for tradesmen and finally sponsoring the migration of twenty eight New Australians ['Balts'] to work in the Smelter. In what may well have been another of Glen Sheil's initiatives and to overcome a shortage of junior professional staff, the Board commissioned B. G. Patterson to set up what became a very successful scheme to encourage "any promising boys serving their apprenticeships" to obtain professional qualifications and experience to fit them for "responsible positions at the Mine".

In chapter three, it was argued that in comparison with Mount Isa, the Company had been fortunate that it had not been required to provide housing for its workers; with the influx of 'outsiders' to the town, it realised accommodation was required and from the end of 1946, a program of

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61 BMs and ARs 1950 to 1968 contain many references to support given to community projects. Glenister Sheil remained Consulting Engineer to the Mount Morgan Shire Council until his retirement in 1964.
62 AGMs, 1 November 1945 and 31 October 1946. CAPCOL, Box D15/388.
63 BM, 19 April 1945. CAPCOL, Box D15/388.
64 BMs, 18 March 1948 and 13 May 1948. CAPCOL, Box D15/388.
66 Given Sheil's continued support of employee training right through his period as General Manager.
67 BM, 13 May 1948. CAPCOL, Box D15/388. The author was one of those so trained. See Biography, R. F. Boyle, IEAust, Biographies of Prominent Queensland Engineers, Queensland Division, Brisbane.
68 BM, 30 October 1946.
building quarters for the 'Balts' and single men, low rental accommodation for young tradesmen and housing for staff was set in place. In addition, as good quality houses close to the Mine became available, they were purchased for staff and a system of bank guarantees for residents wishing to build their own homes on nearby vacant land was introduced.  

The result was an increase in building activity which gave employment to several local building contractors and saw a general improvement in the quality of accommodation available.  

Not all those employed at the Mine benefited from this housing program and the period brought a spate of industrial claims as the previously firm industrial relations base was eroded. Boyd, McAskill and Westcott had managed the place during periods when there had been a depression and a war as excuses for wage restraint but in the period of John's managership there were no such excuses so, in line with wages in the rest of the country, the Mount Morgan basic wage and conditions escalated rapidly. A militant section of the Australian Workers Union claimed a major success in a short-lived strike on 2 June 1947, the first in 10 years, but the real effect was negligible. This unrest resulted in an application for payment of penalty rates for shift workers, three weeks paid leave, payment for eleven statutory holidays and the payment of sick leave. The Company attempted to head off these and other claims by considering increasing the amount of its

69 The subtle difference was that whereas the single men had meals provided from a quarters kitchen, the 'Balts' were required to purchase their meals from a cafe in the town.
70 AGM, 27 October 1949. CAPCOL, Box D15/388.
71 Given his policies during his years as General Manager, Sheil's influence is obvious in these program, particularly in the uniform quality of facilities provided in each house. Sheil's involvement with community projects at the Somerset Dam construction site is discussed in an OH with his eldest son, Dr Glen Sheil, OH, 1992, The AusIMM archives. Stuart Pullar's wife, Betty, provides interesting comments on the standard of housing provided to Stuart, firstly as Research Metallurgist and then as Smelter Superintendent. OH with Rod Elvich, 22 April 1993.
72 BM, 10 July 1947. CAPCOL, Box D15/388; In the Queensland Guardian, 6 June and 27 June 1947 it was claimed the union had total support of the workers.
73 BM, 4 September 1947. CAPCOL, Box D15/388.
DIAMOND T TRUCKS USED TO HAUL WASTE AND ORE.

World War Two Army Surplus Tank Transporter Prime-Movers.

Photograph from CAPCOL.

PHOTOGRAPH TWENTY
contribution to the welfare scheme 74 and the Chairman even took the unusual step of personally attending a hearing of the Queensland Arbitration Court on 22 July 1947 to plead the Company's case that it was a marginal operation which could not sustain such claims. At the time, only sick leave was granted, but eventually all the claims were successful and in each succeeding year, the Chairman reported a rise in labour costs to the Annual General Meeting.

While its orebody remained virtually unchanged, it was a different story with the Company's second greatest asset, the good industrial relations with its employees, somewhat eroded by the influx during the war of a class of men outside the group whom Boyd had previously described as being "of the right colour." 75 The fear of unemployment had been one factor which worked towards the maintenance of industrial peace in Queensland before the war, but Australians now found themselves entering a period of shortages, both in material goods and in labour. While labour shortages were gradually reduced by the government policy of European migration, widespread industrial unrest further exacerbated the problems of supply and led to an increase in the rate of inflation. Mount Morgan found itself caught up in the frustrations and delays caused by these shortages, in the industrial troubles both Australia-wide and to a lesser extent in its own little industrial circle.

Generally, however, the Company fared better than the rest of the country, 76 although its operations were affected by increases in costs because of industrial militancy in the manufacturing industries, national strikes in the

74 From 7.5% to 12.5%. BM, 19 January 1950. CAPCOL, Box D15/278.2.
75 At the February 1934 Board meeting, see chapter three.
76 See figure four which shows working days lost in industrial disputes in Australia.
coal industry, transport delays\textsuperscript{77} and shortages of supplies.\textsuperscript{78} One such shortage was of lime which resulted in the closure of No. 2 Mill and a reduction in the amount of acid ore treated so the Company considered mining a limestone deposit at Struck Oil and burning its own lime in order to assume control of its supplies.\textsuperscript{79} In reporting the effect lack of lime was having on operations,\textsuperscript{80} Boyd neglected to mention the sale of Marmor for a pittance back in 1930. As argued in chapter three, the Company had only itself to blame - but Boyd must have had private regrets.

Of external influences the seven week strike by Queensland railway workers, which ended in April 1948, caused the Company the most serious problems. The culmination of years of dissatisfaction with staffing levels and working conditions, compounded by the deplorable condition of lines, locomotives and rolling stock,\textsuperscript{81} the strike paralysed the state at a time when an underdeveloped road haulage system operating on poor gravel roads could not provide alternative transport. Lack of coal deliveries to the Mine resulted in the closure of the Smelter and No. 2 Mill, thus conserving coal for power generation to supply power mining and No 1 Mill treatment. This in itself was serious enough, but the strike also meant that the blister copper, the Company's only source of income, could not be transported to the refinery in Pt Kembla. With 350 tons of copper held up at the Mine, the overdraft at the English, Scottish and Australian Bank Ltd had risen to £129,000 and arrangements were made to extend the overdraft accommodation to £250,000.\textsuperscript{82} Fortunately for the Company, however,

\textsuperscript{77}AGM, 31 October 1946. CAPCOL, Box D15/388.
\textsuperscript{78} For example in BM, 7 July 1949 on supplies of steel. CAPCOL, Box D15/388.
\textsuperscript{79}BM, 22 January 1946 and 6 August 1947. CAPCOL, Box D15/388. Sheil visited lime producers in the southern states and submitted a detailed report on lime burning techniques. Sheil, Inspection of Limeworks, Sydney and Melbourne, unpublished report to MML, 6 January 1948. RFBCOL.
\textsuperscript{80} BMs, 10 July and 6 August 1947. CAPCOL, Box D15/388.
\textsuperscript{81} Cribb, Strikes, p. 225; Wright, The Premiers of Queensland, pp. 452-456.
\textsuperscript{82} BM, 19 February 1948. CAPCOL, Box D15/388.
FIGURE FOUR

Australian strike frequency and striker rate, 1913-1978.

From Malcolm Waters, *Strikes in Australia*, Sydney, A&U, 1982, Fig. 4.2, p. 52.
before this extra funding was needed, a shipment managed to get through to the refinery by truck and NSW rail. \(^{83}\)

The apparent vacillation in management decisions on John’s part may have been exacerbated by the Board’s demonstrated lack of confidence in its own management and by its frequent reference to external consultants to check on recommendations made by the General Manager. When to this was added the increasing tendency of individual Board members to intrude on the day-to-day operations of the Mine, and in some cases to consult with subordinate staff, \(^{84}\) John surely was given little opportunity to develop his own decision making skills.

As pointed out earlier in this chapter, these difficulties were compounded by the ‘help’ given to management by Board members and consultants. This was not a new development and since 1929, the Company had consulted such experts as Gepp, who admittedly had been forced upon it, \(^{85}\) or engineers who had a proprietary process to promote. \(^{86}\) These experts, along with ‘in house’ advisers Boyd, Owen and Horsburgh had been engaged to supplement rather than audit the efforts of the highly skilled, professional, technical staff to whom tributes had been paid on numerous occasions. \(^{87}\) Now for the first time since Barker (chapter two), either wishing to be seen by shareholders as seeking the best possible advice or perhaps continuing its earlier doubts of John’s capability, consultants were brought in to advise on almost everything from the mining program to how

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\(^{83}\) BM, 18 March 1948. CAPCOL, Box D15/388.

\(^{84}\) George Kearney says Transport Director John Kelly, long time friend of the Boyd family had almost direct access to the Board. Private communication with the author, 22 January 1994. Carpenter Foreman Bill Butcher Sr was also a confidant of Boyds. Bill Butcher Jr, OH with Carol Gistitin, 22 July 1989.

\(^{85}\) By the government as a condition of the 1932 loan, see chapter two.

\(^{86}\) Like Edquist’s staff promoting its process. CAPCOL, Box M14/1284.16-17 and Box M14/1293.15. See also BMs 3 April and 1 May 1941. CAPCOL, Box D15/387. Also staff of Cyanamid promoting reagent sales, as discussed in chapter two of this thesis.

\(^{87}\) For example, by Chairman Morgan at the AGM, 29 October 1942.
to manage the stores. The first appointment was made just about the time John became General Manager when the Board questioned staff recommendations about design changes to the capacity of No. 2 furnace and engaged F. H. Rickleman \(^{88}\) to advise them. After his retirement from the Electrolytic Refining and Smelting Company, Rickleman was retained to advise on a range of matters involving the smelter, an appointment which was to last well into the next decade. Perhaps the Company was simply continuing the practice, established by the government during the war, of having advisory committees report on technical proposals. \(^{89}\) Rickleman became the first permanent consultant, but soon he was joined by a plethora of retired experts whose advice continued to demoralise senior staff. Lorna McDonald has stated of the Barker report, that, by seeking Barker's opinion, the Old Company had confirmed its lack of faith in its own management staff. \(^{90}\) Boyd's recommendations had been questioned by the Barker report, so it is surprising Boyd agreed to the introduction of outside experts to question staff opinion. On the other hand, as already noted by the New Zealand delegation, Boyd's habit of looking over the shoulder of the Mine officials may have made him insensitive to the effect the introduction of 'experts' would have on staff morale.

During this same time, however, the Board did address several important development matters which, had they been successful, could have changed the direction of the Company. Newman, assisted by Eric Boyd and Tom Owen, re-visited Adam Boyd's 1941 proposal of a copper refinery and of developing uses for the enormous quantities of iron pyrites contained in the ore and in plant tailings. \(^{91}\) The copper refinery was quickly put aside, but

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88 At the time, Rickleman was General Superintendent of ER&S. For a discussion of Rickleman's role in the design changes of the furnace, see chapter seven.
89 The investigation of the proposed copper refinery by the Copper and Bauxite Committee in early 1942 is an example. This investigation is discussed in chapter seven.
90 McDonald, Rockhampton, A History of City and District, p. 321.
91 BM, 29 September 1949. CAPCOL, Box D15/388.
the production and sale of pyrite became an important part of Newman's management strategy well past the period of this study. Other attempts to produce sulphur from smelter products ranged from tests of the proven Orkla process to the untried and perhaps even impractical Spillane process. Nothing happened as a result of either test program and apart from an investment in Australian Drillers Pty Ltd there was no other attempt to diversify.

From January 1948 onward, the Board appears to have initiated moves to have John retire. There was no firm Company rule about the retirement age of senior staff and there was a precedent set by Boyd himself, when he formally retired from the position in 1935 aged 69, so it is surprising that with John still nine months short of 65 the Board should now recommend John consider his future as General Manager simply on the grounds of age.

In a Board minute reminiscent of its 1943 decision to replace Westcott, the Board considered it should "make enquiries as to the possibility of locating an outside person with the necessary experience and qualifications to fill this position [of General Manager]" and immediately started a program of 'head-hunting' for a suitable candidate, but with little success. Although John submitted his resignation in May 1948, it appears

\[92 \text{AGM minutes until 2 November 1961 report Newman's continuing commitment to this project.}\]
\[93 \text{Used successfully at Rio Tinto, Spain. AGMs, 27 October 1949 and 26 October 1950. CAPCOL, Box D15/425.}\]
\[94 \text{The tests on the Spillane process dragged on from November 1946 well into the middle of 1948. Design Engineer Frank Cunningham always claimed the only sulphur which came out of the tests had been purchased from Tom Chenery's hardware store in Mount Morgan "in a brown paper bag". Private communication with the author. Correspondence on the Spillane process is contained in CAPCOL, Box M14/1292.4.}\]
\[95 \text{Australian Drillers Pty Ltd was a joint venture with Mt Lyell and Aberfoyle Tin and carried out exploratory diamond drilling at the Mine for a number of years. See BM, 8 April 1948. CAPCOL, Box D15/388.}\]
\[96 \text{It was suggested John take six months leave of absence and be replaced by Sheil as Acting General Manager. Chairman to the Board, 15 January 1948. The matter was discussed at BM, 19 February 1948. CAPCOL, Box D15/388. This was just after Mrs John had died. A motion of condolence was moved to John at the BM of 19 February 1948. CAPCOL, Box D15/388. The Board may have had genuine concerns for John's health following the strain of Mrs John's death.}\]
\[97 \text{Directors Boyd and Newman were both over 65 years of age.}\]
\[98 \text{The minute justified this decision by saying "In view of the probability of the General Managernship becoming vacant". BM, 19 February 1948. CAPCOL, Box D15/388.}\]
there was no suitable replacement and he stayed on. Six months later, the Chairman was still explaining to the Board why John should retire, but he was also saying he was awaiting a reply from yet another prospective manager. Increasingly the minutes imply criticism of John's management but throughout 1949 no action was taken to displace him.

While hawking the position around Australia the Board, as it had done when considering Westcott's replacement back in 1943, underestimated the capability of its own senior staff by not considering Glenister Sheil to fill the position. Was it because, as widely believed, Adam Boyd had no liking for the Assistant General Manager? There is no written evidence to confirm this assumption except for a cryptic comment in the Board Minutes just before Boyd's death that:

it was decided by the majority that no action should be taken [on the matters raised in a letter from Mr Boyd] particularly that part referring to the Assistant General Manager.

There is a possibility that Boyd may have been upset that Sheil had taken on the extra duty of Consulting Engineer to the Shire Council, and this epitomises differences in the work ethics of the two men. On the one hand, Boyd had devoted all his energies to the Company, while Sheil believed a part of senior management's duty was to devote some time to community welfare.

99 The first choice, Straun Anderson of Zinc Corporation declined the offer. BM, 10 June 1948. CAPCOL, Box D15/388.
100 Frank Beggs, former assistant engineer to John in 1932 and now of New Occidental was approached but apparently declined. BM 25 November 1948. CAPCOL, Box D15/388. H. Carroll of Wiluna also declined. BM, 20 January 1949. CAPCOL, Box D15/388. For Beggs' biographical entries, see Appendix B.
101 BMs, 30 September and 27 October 1948. CAPCOL, Box D15/388. Adam Boyd was not at the meeting, but Eric Boyd was and it is likely he was in the minority.
102 Others like John Kelly, by then Superintendent of Works, had external business interests. He owned cinemas in Rockhampton and Mount Morgan. But then Kelly, a protege of Boyd's, was part of the 'old-boy' network. Bill Butcher Jr, OH with Carol Gistitin, 22 July 1989. The author was one of those influenced by Sheil to accept community involvement as an unstated part of one's position description.
The matter was still unresolved when Adam Boyd died on 16 December 1948 and there is little material in the minutes to suggest how the appointment of Sheil as General Manager and Keith Cameron as Managing Director was arranged. Discussions with Cameron had been going on since January \(^{103}\). On 12 May 1950 he took up his duties and occupied Boyd's vacant seat on the Board, while Sheil became General Manager from 1 July. \(^{104}\) With Newman now Chairman and a new management in place, the scene was set for massive changes, both in capital policy \(^{105}\) and in the replacement of most of the 'old boy' senior staff with new people, \(^{106}\) changes which Boyd would have found difficult to accept. The Boyd influence continued with Adam's only son Eric, a mining engineer with long experience in Malaya, becoming a Board member in 1946 and even at one stage being invited to accept the position of Managing Director. \(^{107}\) While Eric was one of the Directors who 'helped' management during the late 1940s, his influence during this period appears never to have reached the level of his late father. \(^{108}\)

Adam Boyd had lived to see his dream for Mount Morgan fulfilled \(^{109}\) and he had prospered by his investment in the Company and from fees for his various services. The Mine still had ore reserves totalling over 80% of its 1929 prospectus figure but Boyd was not to know that an exploration program initiated during the last year of his life would prove the existence of

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\(^{103}\) BM, 19 January 1950. CAPCOL, Box D15/278.2.  
\(^{104}\) John remained as a consultant to the Company in Sydney at £1,500 per annum. BM, 16 February 1950. CAPCOL, Box D15/278.  
\(^{105}\) Within three years, the paid up capital had almost quadrupled. See AR 1953.  
\(^{106}\) In 1952 and 1953, a new Chief Engineer, a Superintendent of Mines and a new Works Secretary were brought in over existing staff.  
\(^{107}\) BMs, 8 July 1948 and 5 August 1948. CAPCOL, Box D15/388.  
\(^{108}\) Until he finally held the Managing Director's position from 1955, following the departure of Cameron, through to his death following an accident at Mount Morgan in May, 1958. AGMs 1955-1958. RFBCOL.  
\(^{109}\) See figure five for a comparison of the Open Cut as it was in 1929 with the Open Cut at June 1947.
a further nine million tons of ore contiguous with the existing Mine. Boyd was mourned by the majority, most especially by those who had supported him through the first, dark days of the Company and those who enjoyed the relief of employment when the Mine re-opened. His passing marked the end of an era, but his sound planning in the first years of its life had ensured the Mine which Barker's report had condemned to closure would survive and indeed prosper for over 40 years after his death.

110 The discovery was announced at the AGM, 18 November 1951. RFBCOL.
THE BOARD OF DIRECTORS, MOUNT MORGAN LIMITED.

1960.


Immediately over Sheil's left shoulder is a picture of Adam Boyd watching over the conduct of the Board.


PHOTOGRAPH TWENTY ONE
Note: This plan is intended only as an illustration. The shape shown is that along only one section line through the Cut.

Contour 1930 traced from a section in the plan included with the 1930 Annual Report.
Contour 1947 drawn from same section in the plan included with 1947 Annual Report.

MOUNT MORGAN
THE OPEN CUT
Showing development from 1882 to 1947.
Especially the development of the Open Cut from the formation of the Company in 1929 to June 1947.

FIGURE FIVE

CONCLUSION.

There can be no doubt that the little township of Mount Morgan, dependent for 108 years of its life on the single industry which was the Mount Morgan Mine, had a significant influence on events at local, regional, national and international levels of investment and politics. While it can be acknowledged that this influence was greatest in the period which has been described in this thesis as the more glamorous early period, nevertheless the records of the second company highlight the contribution it also made. The period 1929 to 1950 covered in this thesis, a time of major importance because of the employment opportunities the Company offered in the middle of the great depression, because of the initially high profits generated in the first seven years (chapters three and four) and because of the production of copper for the war effort, can be seen as providing the foundation for even greater success during the succeeding 40 years.

The Old Company died because, weakened by the lower gold content in its ore, battered by an international fall in the price of copper and a national rise in industrial unrest, it had succumbed to the shareholders' desire to liquidate, to take their capital gain and run. It has been argued in this thesis that the Board needed a final excuse to justify a decision it may have already made. As discussed in chapter one, this excuse was provided by E. E. Barker, an eminent mining engineer more familiar with operations of a scale and geological composition vastly different to the Mount Morgan Mine when he condemned the proposal to an enormous capital expenditure and continuing operating loss. In the legend and history of the Mine, it has been Barker who has been blamed for the winding-up of the Old Company when

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1 As discussed in chapter seven of this thesis. Because the government had built up large stockpiles, this copper was not really required for the war effort.
the reality was that, in addition to the external influences of commodity prices, it was the industrial attitude of the employees of the Mine and the desire of shareholders for a final and quick profit which almost destroyed the Mine and the town.

In making these decisions, the Board had under-estimated two factors - firstly, the long-term potential of the Mine and secondly, the character and determination of its General Manager, Adam Alexander Boyd. The orebody was a fixed asset which could wait for someone to exploit it in the future. Boyd was not prepared to wait and perhaps because he did not accept either Barker’s recommendations nor the Board’s assessment of the Mine, the title of this thesis could have been ‘The influence of Adam Boyd on the Management and Growth Patterns of Mount Morgan Limited, 1929 -1950’.

It became increasingly clear, as research on this period proceeded that Boyd, although a person of complex character was on one hand a highly competent engineer with an extraordinary vision for the Mine. On the other hand, while lacking a “spending capability” and the ability to communicate, he was the one continuous, powerful and most influential member of the Board. Boyd’s unique contribution has been documented throughout this thesis. He remained on the Board for nineteen years and despite being overshadowed at times by the more ebullient Campbell (chapters two to five), the more corporately competent Morgan (chapter seven) and the more metallurgically wise Owen (chapters two, three and four), was the one who put forward the conceptual plans which set the pattern of operations at the Mine. Boyd excelled in planning and in the detail of operating the Company; he has, however, been shown in chapter six to have been out of his depth in his chosen role as leader of exploration and in his reluctantly accepted role as Chief Executive. Finally, Boyd found it hard to shed his

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2 Noel Kirby, OH with R. F. Boyle, 3 October 1992. See also chapter four of this thesis.
control of the Mine and because of his great knowledge of the place, he continued, right up to the time of his death in December 1948, to blanket the development of the senior management of the Mine.

During his nineteen years on the Board, Boyd had served under Kessell, Campbell and Morgan as Chairmen and it was fortunate the Company had others on the Board who complemented Boyd's skills even if their different styles irritated Boyd and in, Campbell's case, caused him anguish. While Kessel was Chairman during the most trying period following the formation of the Company, it was Boyd and R. T. Thompson who shouldered most of the responsibility for the operations and finance of the Company. Eric Campbell's management style most differed from Boyd's. As shown in chapters two, five and six, Campbell was the "loquacious, verbose and aggressive" solicitor whose New Guard activities appear to have worked to the Company's detriment but whose decisions as Chairman placed the Company in a sound operating position to face the troubles of wartime. Boyd's planning skills and Campbell's business acumen made them a formidable, if uneasy, team broken only by Campbell's sudden and unwilling departure in June 1938. Campbell's notoriety, the subject of numerous books, theses and articles, hides his ability as Chairman and it is unfortunate he has faded into insignificance in the published histories of the Company.  

E. J. Morgan, a less flamboyant but nevertheless successful Chairman, presided over the Board during the war years, the most trying period since the early, almost fatal time, before the 1932 start-up. Although some of his Board's decisions about staffing were unethical and although during his

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3 Description of Campbell's character by his pleading counsel, Maugham, KC, at Campbell's 'show cause' hearing, 2 March 1939. SMH, 3 March 1939. See also chapter six.
4 See chapter six for an analysis of Campbell's contribution to the success of MML.
time the Company suffered its only operating loss in its history, he worked long and hard in his negotiations with those in charge of an inefficient system of wartime government controls to secure at least fair treatment for the Company. By these efforts, he put to rest the 1938 opinion discussed in chapter four that he was only one of the despised stockbroker members of the Board. Morgan's lack of success in gaining Commonwealth government support for the various projects proposed during his period of management was not the result of any lack of effort on his part, but rather the perception by government that Mount Morgan had little potential when compared with other operations like Mount Isa and the proposals of the more powerful W. S. Robinson lobby. At the end of his chairmanship, Morgan was able to hand over to his successor, Malcolm Newman, a Mine which was poised to enter a new era of profitability.

While continuity of membership of the Board and of staffing at the Mine has been demonstrated to have been a major factor in the success and even survival of the Company, this element worked against its growth. The Board freely acknowledged that the Company had suffered because it was always under-capitalised and as discussed in chapter seven there is no doubt this was largely due to the intention by early shareholders like Boyd, Campbell, Owen and even Morgan that additional capital should not dilute their tax free dividends. This demonstration of self-interest has prompted the study of reports by Wolfenden, the delegation of New Zealand shareholders and articles in *Smiths Weekly* into the way in which Board members were paid fees and allowances, sometimes without the proper approval required by law.

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5 See chapter seven of this thesis.
MOUNT MORGAN LIMITED DIVIDENDS

YEAR ENDED 30 JUNE
THE COMPANY DIVIDENDS AND LOSSES,
30 JUNE 1930
to
30 JUNE 1950.
FIGURE SIX
The conclusion reached from these studies and from Board minutes and reports is that these instances appear only to have represented the tip of the iceberg, with the 'old boy' network being invoked on a number of occasions to look after the interests of individual Board members and long-term consultant associates. There does not appear to have been anything patently illegal in these arrangements, nevertheless at least some of them stifled the professional opinions of senior staff at the Mine and this led to less than ideal decisions on future plans for the Mine.

No matter how well the Board planned and supported the operation, it could never have succeeded without the Mine staff. It has been demonstrated conclusively in the thesis that, with the exception of Boyd, all the Directors were far removed from the heart of the operation so it was successive General Managers who coped with the day-to-day problems of financial constraints, shortages of labour and lime, with wartime controls and with the technical problems attendant on any mining operation. They and their staff succeeded in these tasks, often at the cost of the own health and careers and despite the frequent interference of the Board and consultants. So Tom Owen was correct when he paid them the compliment that:

Mount Morgan ... can feel themselves very fortunate to have such a loyal and efficient staff.⁶

While the old Company had died in 1927, it is not true to say the Mine had died; what is true is that the Mine was saved by the work of a 'stubborn old Scotsman' who would not give in, ⁷ that it enjoyed some success as the dividends of the mid-1930s flowed and that it suffered a relapse as the external influences of World War Two took hold. In 1950, Malcolm Newman, Keith Cameron and Glenister Sheil inherited an operation well on

⁶ Tom Owen at the AGM, 23 November 1933. CAPCOL, Box M14/1281.14.
⁷ As discussed in chapter two of this thesis.
the way to recovery and while it was their collective professional skills which ensured the healthy and profitable period which followed, it was the planning, dedication and hard work of all those whom this thesis has considered which gave them this opportunity. Mount Morgan Limited continued to prosper, to support its community and its shareholders for another 40 years after the period considered in this thesis - but that is another story.
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Because the Capricornia Collection section of the library is seriously under-funded, a listing of material was made, as a matter of expediency, in the order in which it was received. It is noted that no attempt has yet been made to re-order or index the material to facilitate access. In a number of cases it was found there is duplication of material in different boxes and this duplication has led to difficulty in referencing the material in footnotes of this thesis. Box and file numbers were noted directly from the boxes when researching material, but on cross checking the lists during final proofing, it was found that the locations recorded during research did not always match the listed shelf numbers. In addition, some material made available to the author has yet to be listed.
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APPENDICES
APPENDIX A

TECHNICAL GLOSSARY
APPENDIX A

TECHNICAL GLOSSARY

**ASSAY**: An assay is the quality number denoting the percentage content of some component, say a metal, or moisture, or particles of a particular size.

**BALL MILL**: A rotating horizontal steel cylinder loaded with hard steel balls which grind the ore to a fine particle consistency which is suitable for treatment by flotation (qv).

**BINGHAM CANYON**: A very large open cut copper mine situated about 30 km from Salt Lake City, Utah, USA. Mining had been carried out in the area from the middle 1870s but it was 1897 when the Boston Consolidated Mining Company commenced mining what has become one of the largest open cut mines in the world. The mine is now operated by the Kennecott Corporation.

**BLAST FURNACE**: A furnace in which solid fuel is burned with an air blast to smelt ore in a continuous operation.

**BLISTER COPPER**: An intermediate product in copper production. It is usually about 99% pure copper and is further refined by electrolytic means to 100% pure copper.

**BULLION**: Mixture of gold and silver prior to final refining.

**COMPANY (The)**: Mount Morgan Limited.

**CONCENTRATION**: A process of ore-treatment whereby the valuable minerals contained in an ore are collected in a product of lesser weight than the original and consequently enriched in the desired minerals, the worthless matter being separated and removed. The 'concentrate' is usually then subjected to further treatment for the recovery of the metal content of its valuable minerals.

**CONCENTRATION RATIO**: The number of units of weight of feed from which one unit weight of concentrate (qv) is produced. In the case of Mount Morgan, the tests conducted by Lennon at Mount Isa in 1931 established that one ton of concentrate could be produced from 16 tons of ore fed into the plant. The ratio of concentration was therefore 16:1.

**CONCENTRATE**: The valuable product of ore-dressing. Concentrate is then further treated in one or more stages to produce a final metallic product.
**Cyanide Process:** The process for the extraction of gold from its ores which consists essentially of dissolving the gold in a weak solution of sodium cyanide and its subsequent precipitation by means of metallic zinc, the gold-bearing precipitate being smelted for the production of gold bullion.

**Disc Filter:** A machine used to remove water from concentrate.

**Flotation:** A concentration process, the essential feature of which is that the desired mineral, by suitable chemical treatment, is caused to attach itself to an air bubble, with which it rises and is so removed from the pulp in a continuous froth.

**Grade:** The classification of an ore according to the desired or worthless material in it or according to value.

**Leaching:** The removal of soluble salts or metals from the accompanying material by the use of a suitable solvent.

**Old Company:** The Mount Morgan Gold Mining Company Limited (MMGMCo) was registered on November 1886 with an authorised capital of £1,000,000 comprising 1,000,000 shares of £1. paid up to 17s. 6d. The principal shareholders were the members of the Mount Morgan Syndicate (qv) who held 77.7% of the shares.

**Oxidised Ore:** Material occurring in a mineralised formation which, due to the action of air and water, has been changed wholly or in part to oxides of the mineral.

**Potassium Xanthate:** One of a family of reagents used as the principal collector in the flotation process for heavy and precious metals, both in sulphide and oxidised minerals.

**Precipitates:** In the case of Mount Morgan, this was the product of leaching copper from the orebody and precipitating copper on to scrap iron. The copper produced was described as precipitates.

**Pyrite:** Iron sulphide (FeS2), an iron oxide often associated with base metals. In Mount Morgan, a large part of the ore body contained copper iron pyrites (CuFeS2). The only commercial use for pyrite is as a source of sulphur, although the Mount Morgan pyrite contains a significant amount of gold which can be recovered only after roasting the pyrite.

**Reverberatory Furnace:** A furnace in which concentrates are melted on a shallow hearth by a flame passing over the charge and heating by both convection and radiation from the furnace roof.

**Selective Flotation:** Also known as ‘differential flotation’, this is the process of flotation operation in which two or more minerals are successively floated from the pulp. This technique has been applied
principally to sulphide ores, like those at Mount Morgan.

**SELECTIVE MINING:** A method of mining in which only ore rich enough for economical treatment is removed, while waste in the vicinity of the ore and which would dilute the grade is rejected.

**SYNDICATE:** The first group of investors in the Mount Morgan Mine. It consisted of the Morgan Bros, Thomas Skarrett Hall, Walter Russell Hall, William Knox D'Arcy and William Pattison. The last four became the major shareholders in the Old Company (qv) when it was formed in 1886.

**TRIBUTER:** A person, group of persons or a company which mines the resources of another group. The tributer receives the proceeds of the sale of the recovered resource after paying the cost of removal and treatment of the resource material. In return the tributer pays a fixed proportion of the proceeds to the owners of the resource.
APPENDIX B

BIOGRAPHIES
APPENDIX B

BIOGRAPHIES

BARKER, Edgar Earl,
When he prepared his report on Mount Morgan, Barker, a 1906 graduate of the University of California, had over 20 years of large open pit mining experience. Following fifteen years as an engineer in large mines in Mexico, Arizona, Nevada, Chile and Peru, he became engineer of mines for the Utah Copper Co. at Bingham Canyon near Salt Lake City. Barker's superiors at Bingham were Louis S. Cates and William Sprott Boyd, to whom he referred his recommendations on Mount Morgan and who supported his decisions.

BEGGS, Frank Rundle,
Frank Beggs was a mechanical engineer who was, from 1932-1934, assistant to Chief Engineer John at Mount Morgan. From 1934 to 1937 he was mine manager of Sulphide Gold (Junction Reef) in New South Wales during the period covered by the investigation of Company affairs by the New Zealand shareholders.

BOYD, Adam Alexander.
Adam Boyd was born on 15 April 1866 in Scotland and migrated to Melbourne in 1889. After nine years in the coal industry around Newcastle, Boyd joined the Broken Hill Propriety Company Limited in Broken Hill in the position of Mining Manager, and during his 13 years at Broken Hill, Boyd revolutionised mining practices at the 'Big Mine'. It was also at Broken Hill that Boyd established his contacts with Tom Owen and Herbert Gepp. Boyd came to the Mount in 1913 as General Superintendent with the reputation of being "one of the great mining engineers of Australia" and was appointed General Manager 1915.

Boyd was awarded The Institute Medal in 1941 "in recognition of his

1 Details contained in this biographical entry are from The National Cyclopædia [un-referenced] p. 120.
services in the development of underground mining methods at Broken Hill, coal mining in New South Wales, gold and copper mining at Mount Morgan, and generally for outstanding contributions to mining practice over a period of fifty years". 4

**CAMERON, Keith Addison.**
A graduate of Melbourne University, Cameron gained experience both in Australia and overseas, before joining the Collins House Group in 1933 to work at operations in Bendigo and at Kalgoorlie. With the Commonwealth government wartime closure of the Eastern Goldfields mines, he went to the North mine at Broken Hill as General Manager. Following almost four years as Chairman of the Joint Coal Board, Cameron, at 47, became Managing Director of Mount Morgan Limited in 1950.

**CAMPBELL, Eric.**
Eric Campbell was born in on 11 April 1893 in Young, NSW and after distinguished war service, resumed his legal career in Sydney in 1919. Campbell’s extensive financial interests included at various times: Chairman of Discount and Finance Ltd, Director Lithgow Brewery Ltd, Cornhill Insurance Co and Australian National Airways Ltd., Du Menier Industries and Mount Morgan Limited. With the exception of Mount Morgan Limited, each of the ventures with which he was associated seem to have been failures, principally because of the economic conditions of the Depression. Campbell held memberships of the New South Wales Union Club, the Royal Sydney and Killara Golf Clubs, the Imperial Service Clubs, the Rotary Club of Sydney and he was a Freemason. These memberships establish Campbell as being a member of the upper business class, although as argued in chapter two, not of the Sydney establishment. Campbell’s political activities with the White Guard, the Old Guard and the New Guard have been mentioned in this thesis and are fully documented. 5

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GEPP, HERBERT WILLIAM.

Gepp’s early career was in the explosives industry, followed by a period at Broken Hill, where he became a “master practitioner of flotation” and “capable ... in general management”. After some years in America, Gepp returned to Australia to head up the new Electrolytic Zinc works at Risdon in 1915, where his contribution to the science of zinc refining received world wide acclaim. It was at Risdon that his welfare scheme set a twentieth century pattern for the use of welfare programs as an aid to industrial relations. It was also at Risdon that he “embellished his image as a man capable of leading the nation”, and he was a logical selection for the position of Chairman of the Development and Migration Commission formed in 1925. His later years were spent as consultant to the Commonwealth government and in private practice.

Gepp was President of The Australasian Institute of Mining and Metallurgy in 1924 and was awarded The Institute Medal in 1939, “in recognition of his services to mining and metallurgy and particularly in connection with the development of flotation processes in the treatment of complex sulphide ores and with the establishment of the electrolytic zinc industry in Australia”.

JOHN, Morgan Jones.

A founding member of the Institution of Engineers, Australia, Morgan John trained as an engineer with the Old Company and at the age of 23 he was appointed Chief Engineer of the Electrolytic Refining and Smelting Company works at Port Kembla. John returned to the Old Company in 1912 as Chief Engineer, leaving that position in 1925 to join Hadfields Steelworks, Sydney as assistant to the managing director. From 1927, he was in private practice until his return to Mount Morgan as Chief Engineer in 1932. John's role in the affairs of the Company from that time until his retirement in 1950 has been mentioned in several chapters, but especially in chapter eight.

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KIRBY, Noel Spencer.
Noel Kirby graduated BE (Mining) from Sydney University in 1934 and his first position was at Mount Morgan as a junior mining engineer, a position for which he was recommended by Tom Owen. In 1936 Kirby was appointed Field Superintendent of Mount Morgan Developments Limited and was particularly involved with exploration work for that company in Fiji, returning to Mount Morgan in 1938 as Assistant Mine Manager. While at Mount Morgan, he married Helen, daughter of Lew Westcott, Mount Morgan Limited General Manager. In 1940 he transferred to Mount Isa as Assistant Mine Superintendent, returning to the Mount in 1943 as Assistant General Manager, leaving that position in mid 1944 to go to the Electrolytic Zinc Company in Tasmania, eventually becoming its Managing Director. It is clear from Kirby's later successful career that Mount Morgan Limited underestimated his potential when, in 1944, it selected the 'old boy' to be its General Manager instead of appointing Kirby.

LENNON, Brian William.
Following his graduation from Melbourne University with a Bachelor of Mining Engineering in 1906 and after a year at Broken Hill, Lennon was variously Assistant Shift Boss at Brisus Tin Mine in Tasmania (1907-1909), Chief Surveyor and Draftsman at Mt Elliott Ltd (1910-1913) and Bridge Inspector for the Victorian Railways (1914-1916) before settling into a metallurgical career. During the period 1916 to 1932, Lennon held senior posts at the North Mine (1916-1918), the Burma Corporation (1918-1924) and Lake George Mines Limited at Captain's Flat (1928-1931). When in 1930, the initial test work by American Cyanamid on a sample of Mount Morgan ore proved the viability of the selective flotation process for treatment of the Mount Morgan orebody, it was Lennon who carried out the successful tests in Mount Isa at the end of 1931. This test work (1931-1932) led to Lennon's appointment as Mill Superintendent in July 1932 and he continued with the Company until 1953 when he retired from the position of Chief Metallurgist.

McASKILL, Allan Fergus.
Allan McAskill was Chief Engineer of Broken Hill Junction North Mine from 1912 to 1925 and after four years as Superintendent of that mine, he moved to Mount Isa Mines Limited in 1930 to become its Chief Mechanical

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11 Noel Kirby's career details are taken from The AusIMM membership records. RFBCOL.
Engineer. On Boyd's retirement in 1935, McAskill was appointed General Manager of Mount Morgan Limited and was responsible for the Company's major plant expansion program from 1935 to 1937. McAskill resigned from Mount Morgan in 1937 and immediately undertook a study tour of the United States of America for the Company, to study the design and operation of copper smelting plants there, the results of his studies being used by the technical steering committee set up by Campbell to plan for the No. 1 smelter.

Morgan, Eric Jack.
Eric Morgan, one of the 'despised sharebrokers' on the Mount Morgan Board, was born in 1898. He served in the 6th Battalion, AIF from 1916 to 1918 and lost an arm during that war. An accountant, he was a Member of the Melbourne Stock Exchange from 1927 and a member of the Stock exchange Committee from 1942. Elected to the Board of Mount Morgan Limited in 1933, he became Chairman in 1942 following the resignation of Adam Boyd from the joint positions of Chairman and Managing Director. Morgan was increasingly absent from Australia after the war, his place being taken by Newman who succeeded him as Chairman in 1950.

NEWMAN, James Malcolm.
Malcolm ["Bluey" or "Ginger"] Newman was born 20 June 1880 at Caboolture, Queensland, educated at Brisbane Grammar School and graduated BE from Sydney University in 1904. Newman was at Broken Hill in 1902, becoming General Manager of Peak Hill Gold Mining Co. Ltd, WA from 1907 to 1908. In 1908 he was consulting mining engineer to the Mount Morgan Gold Mining Company Limited and was called as an expert member of the Board of Inquiry into two major falls of rock in the underground mine in September and November 1908 which killed 12 men.13 From 1910 to 1912, as an employee of the old Company he reviewed the operations of the Open Cut. 14

He sent some years in Malaya in tin mining and was Director of a number of Malayan tin companies from 1915 to 1935. After his retirement in 1930 from the Malayan companies as a wealthy man, he purchased grazing properties in Queensland and the Northern Territory and involved himself

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13 Accidents at Mount Morgan, Report of a Board of Inquiry appointed to inquire into the Causes of the recent accidents at the Mount Morgan Mine, Brisbane, Government Printer, 1908. RBFCOL.
with Australian tin mining ventures, particularly in North Queensland. He
was elected to the Board of Mount Morgan Limited in 1938. When Morgan
moved to Britain in 1949, Newman was elected Chairman. As Chairman,
Newman presided over a period of prosperity that saw the Company output
expand, another orebody confirmed and the return of healthy dividends.

Newman was a long-time member of The Australasian Institute of Mining
and Metallurgy and was awarded The Institute Medal in 1961 "in
recognition of his long service to the mineral industries, in particular gold
and copper mining in Western Australia, Queensland and New Zealand,
and tin mining in Malaya and Australia, and for his national services in
many fields of primary industry". 15

O'SULLIVAN, William James. 16
Born 15 May 1888, Brisbane based O'Sullivan had a long history in the
printing and paper industry particularly as Governing Director of Jackson
and O'Sullivan Pty Ltd and Watson and Ferguson Limited. Although a non-
technical Director, O'Sullivan involved himself with technical matters and
especially in studies involving the Company workshop. Perhaps his
interest in the workshop is understandable when one considers he was
Chairman of Directors of Mars Machine Tool Mfg. Co. Pty Ltd, Brisbane, a
company which between 1946 and 1962 supplied most of the machine
tools bought for the workshop. His interest in the stationery business is
demonstrated by the assistance he gave the Company in the supply of a
large part of its printing and stationery during the same period.

OWEN, Tom Mackellar.
There is little biographical information available on Tom Owen except for
his applications for membership of the Australasian Institute of Mining
Engineers (now The Australasian Institute of Mining and Metallurgy),
several papers presented at Institute conferences, 17 references to him by

16 The bulk of the information in this biography is from Who's Who in Australia, XIII ed. 1947
p. 658.
of Research and Development in the Days of Sir Bert Gepp”, p. 351.
Owen graduated from Sydney University with a Bachelor of Engineering (Mining) in 1904, obtained his underground mining experience at Majors Creek and at the Broken Hill Proprietary Mine at Broken Hill before gaining milling and assay experience there. In 1907 he joined the Broken Hill South Mine as a Shift Boss in the ore dressing plant, moving to the Broken Hill Junction North Mine where he progressed from Shift Boss to Metallurgical Mill Superintendent. The Institute records end here but the other sources cited record that it was a year later (1914) that Owen patented a process for selective flotation. Owen's involvement with Mount Morgan Limited is well documented in the Annual Reports, while Ted Reynolds has told how Owen and Lennon continued to be associated with Captain's Flat until it closed in 1962, the year Owen voluntarily resigned from the Mount Morgan Board.

SHEIL, William Glenister.

Glenister Sheil was born in Melbourne on 1 March 1902 and after a brilliant career at Melbourne University graduated in 1922 with a Bachelor of Mining Engineering Degree, in 1923 with a Bachelor of Science and in 1926 with a Bachelor of Civil Engineering. Most of Sheil's work for the next 19 years was in civil engineering, and as Resident Engineer for the construction of the Somerset Dam near Brisbane from 1935, Sheil's talents as an organiser, humanitarian, leader and sportsman were applied to develop a little township for the construction workers with community, sporting and recreation facilities. These initiatives and his passion for parks, gardens and tree lined streets were to be repeated during his time as General Manager of Mount Morgan Limited.

Glen Sheil's last position before coming to the Mount was as Chief Civil Engineer to the Hydro-Electric Commission of Tasmania from 1941 to 1944. Appointed as General Manager in 1950, he achieved his most outstanding
success, with Mount Morgan Limited increasing its output and its profitability under his direction. Next to Adam Boyd, Glenister Sheil is probably the Manager remembered with the most affection by the people of Mount Morgan as the man who encouraged the town to take pride in itself.  

WESTCOTT, Lewis A..  
Lew Westcott joined the Old Company in 1905 as a miner and in 1906 he was selected to open up and erect the plant at the Marmor lime quarries. He transferred to the steam shovels in the Mount Morgan Open Cut after six months and in 1907 he opened the Many Peaks mine for the Old Company. From 1913 to 1918 he was underground manager at the Mount, then joining his brother on a pastoral property in Western Queensland until 1921 when he joined Hoskins Iron and Steel Company, working in various senior positions for that company until 1927.

From 1928 to 1931, Westcott had another break from mining, having purchased a grazing property in the Bathurst district of New South Wales, but returned to mining with the Collins House Group in 1931. He returned to Mount Morgan in 1937 as General Manager, holding that position until 1944.

APPENDIX C

Colonel Campbell and Mr. Lang.
APPENDIX C.

COLONEL CAMPBELL AND MR LANG.

The para-military organisation known as the New Guard was predominant in the movements opposing the Lang Labor government in New South Wales from February 1931 to its dismissal on 13 May 1932. Colonel Eric Campbell was founder and Officer Commanding the New Guard, an arch enemy of Jack Lang and his government's socialist policies.

While there was some publicity about the Guard's activities, it was an incident at the opening of the Sydney Harbour Bridge on 19 March 1932 which brought Campbell and the New Guard very much into the public view. The New Guard had vowed to prevent Premier Jack Lang from opening the bridge, claiming that it should be opened by at least the State Governor. When Lang persisted, Campbell and the New Guard organised an alternative opening. Captain Francis de Groot, a Commander of Zone B in the New Guard, was volunteered to slash the ceremonial ribbon before Lang could cut it. Mounted on a horse borrowed by Mrs Campbell from Miss Reichard of Pymble, wearing Campbell's uniform and with his own sword unceremonially inserted under his Sam Browne belt, De Groot rode un-noticed past police and military personnel, who apparently thought he had every right to be there. De Groot reached the ribbon just as Lang was about to cut it. As the ribbon was cut, De Groot shouted

in the name of the loyal and decent citizens of New South Wales, I declare this bridge open. ¹

¹ Campbell, *The Rallying Point*, p. 155.
managing to hack it in two before being dragged from his horse by CIB Police Superintendent MacKay, who for some time had been the policeman appointed by Lang to investigate Campbell and the New Guard. De Groot was arrested and jailed for the weekend, after which he was charged that he had maliciously damaged a ribbon valued at £2. This charge was waived and he was then charged with malicious behaviour and fined £5.  

Immediately after the Bridge incident and always alert to opportunities to write about topical subjects, prolific Australian songwriter Jack O'Hagan, using the name of John Quinlan, composed a song entitled "Colonel Campbell and Mr Lang". Quinlan, O'Hagan's mother's maiden name, was one of over 200 noms-de-plume which O'Hagan used, particularly when the subject matter of a song was political.

The song, which highlighted many of the incidents in the on-going struggle between Campbell and Lang, was recorded on 4 April 1932 by singers Len Maurice and Jack Lumsden who recorded it under the names 'Quip' and 'Quirk'. The words of the song have been transcribed from a program entitled "Review of '32" presented on ABC FM radio - 1 July 1992, to mark the 60th anniversary of the formation of the Australian Broadcasting Commission [ABC], later to be re-named the Australian Broadcasting Corporation. Although not mentioned in the ABC broadcast, it is likely the recording comes from the ABC record archives.

The words which follow are reminiscent of the patter style of Gallagher

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2 These incidents are discussed by Campbell in The Rallying Point, pp. 148-157 and by Amos in The New Guard Movement 1931-1935, pp. 78-84.
3 Presenter Bob Maynard
4 Now known as ABC Classic FM.
and Sheen songs recorded in Britain during the 1920s.
COLONEL ERIC CAMPBELL
Officer Commanding the New Guard.
Photograph from Campbell, *The Rallying Point*, facing p. 131.
JACK LANG
Premier of New South Wales.

THE OPENING OF THE SYDNEY HARBOUR BRIDGE

19 March 1932.

Captain Francis De Groot of the New Guard cuts the Ribbon before Premier Lang can do so.

Photograph from Campbell, The Rallying Point, facing p. 115.
COLONEL CAMPBELL and MR LANG.

[Both- singing]

We had a dream last night, twas such a funny dream,
We dreamt about two men we know, and it was just a scream,
Now one was Mr Lang and I near fell out of bed,
The other one was Colonel Campbell and this is what he said.

[Telephone - ring ring, ring ring, ring ring]

[LANG- speaking] Hello is that Colonel Campbell?

[CAMPBELL- speaking] Yes - who is that?

[LANG- speaking] Well, this is Mr Lang.

[LANG singing] Oh Colonel Campbell!

[CAMPBELL - singing] Yes Mr Lang

[LANG - singing]

Why don’t you scramble - your precious gang? 5
They have been a source of worry
Since we opened up the Bridge 6
And the way they cut that ribbon was a downright sacrilege 7

[CAMPBELL- singing]

But Mr Lang you were - er - astute
You - er prosecuted - er - my friend De Groot
The for doing what he did
Why, the court fined him five quid. 8

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5 Referring to the New Guard.
6 On 19 March 1932
7 Captain Francis de Groot cut the ribbon.
8 De Groot appeared in the Central Police Court on 22 March 1932.
[LANG singing]  
Did that please you Colonel Campbell?

[CAMPBELL singing]  
It was worth it Mr Lang.

[CAMPBELL speaking]  
Well, good morning Mr Lang.

[LANG speaking]  
Good morning, Colonel Campbell.

[CAMPBELL- speaking]  
Ah! Good morning Judge how are you?

[Judge- speaking]  
Fine - five quid.

[LANG singing]  
Oh, Colonel Campbell!

[CAMPBELL - singing]  
Yes Mr Lang.

[LANG- singing]  
Just see your actions don't boomerang,  
Now there's a matter in the papers  
But it seems that you've been lax,  
Though I wouldn't hurt your feelings  
It concerns your income tax.  

[CAMPBELL- singing]  
Now Mr Lang - er - why bring that up?  
Er - Our little quarrel - er- its but a pup,  
And if remarks like that you pull,  
I'll remind you of your bull.  

[LANG- singing]  
Do you mean that Colonel Campbell?

[CAMPBELL- singing]  
Absolutely Mr Lang.

---

9 I was unaware of this incident when researching material about Campbell from copies of the SMH in the New South Wales State Library.

10 Lang owned a bull called Ebenezer, which Campbell had asserted in a speech at Lane Cove on 11 January 1932 "would have made a preferable Premier."
[LANG- speaking]  
How about a little drink Colonel?

[CAMPBELL- speaking]  
Well I wouldn't mind a little spot with you,  
By the way, are you going to pay for it?

[LANG- speaking]  
Oh, we'll have a couple of bob in on the fruit machine.

[CAMPBELL- speaking]  
Two bob on the fruit machine?

[LANG- speaking]  
Well, jolly good luck anyway.

[CAMPBELL-speaking]  
Jolly good health old man.

[Both]  
Ahaaa - Ahaaa

[CAMPBELL-speaking]  
By Jove! What's that, that has a kick in it

[LANG - speaking]  
Ahaaa! that's the real MacKay

[LANG - singing]  
Oh Colonel Campbell

[CAMPBELL- singing]  
Yes Mr Lang

[LANG- singing]  
The celebrations went with a bang,  
And though you sent off a petition,  
Still I opened up the bridge.  
All your efforts couldn't stop me - for that was my privilege

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11 Lang was referring to Superintendent MacKay, whom he had appointed to investigate the activities of the New Guard. MacKay was close to Lang when the ribbon was cut; he pulled De Groot from his horse. MacKay was later made Commissioner of Police.

12 The New Guard drew up a Petition to the King pleading for an immediate dissolution of Parliament. The Petition was presented to the State Governor, Sir Philip Game on 11 March 1931.
[CAMPBELL- singing]

Ah but Mr Lang you surely see
Er - the world is laughing,- er - but not at me
And that ribbon stunt you see, will go down in history

[LANG- singing- through his teeth]

See you later Colonel Campbell

[CAMPBELL - singing]

At the talkies Mr Lang.

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P. O. Box C156, Cremorne Junction, 2090.

13 Campbell was right. Of all the incidents which occurred during Lang's term as Premier the "ribbon" incident is one of the best remembered and most frequently retold.

14 This comment probably refers to the fact that a Cinesound Review news cameraman, who was close by the ribbon, had filmed De Groot cutting the ribbon and being dragged from his horse. This film clip has been shown on countless occasions on television, the most recent in early 1994 in a news coverage of the death of Ken G. Hall, head of Cinesound during the 1930s. This clip is also shown in the video The Building of the Sydney Harbour Bridge, produced by the Sydney Division of the Institution of Engineers, Australia to celebrate the 75th anniversary of the formation of the Institution.
APPENDIX D

Extracts from the Wolfenden Report
APPENDIX D.

EXTRACTS FROM THE WOLFENDEN REPORT.

(Some words have been printed in bold to highlight the connection with Campbell and the similarity between these events and Campbell's Du Menier case.)

Regarding a claim by R.T. Thompson for payment of £2,190.

This sum represents a charge made by Mr Thompson in accordance with the provisions of an Agreement dated 10th August 1932. Shortly, the charge represents "expenses" of £1,130 claimed by Mr Thompson to have been incurred by him in connection with the arrangements to obtain a loan of £15,000 from the Queensland Government, and also losses of £1,060 on certain of his own shares sold to finance the Company. The charge itself was settled by an issue of shares to Mr Thompson, being part of an issue at par of 3,256 shares mentioned in a second Agreement dated 21st September 1932. (The difference between £3,256 and £2,190 is the sum of £1,066 representing arrears in salary to 29th June 1932, as previously mentioned, and which also was settled by the issue of shares.)

In rendering his claim of £2,190, Mr Thompson submitted a statement, which has been produced to me, and which I can only describe as totally inadequate by way of description of the expenses and losses claimed. There are no details whatsoever of the £1,130, baldly described as "expenses", nor any reference to the dates between which the expenses were incurred, or of their nature. Also, beyond a mention of the number of shares sold, and the amount realised, there is no detail of this portion of the account; that is, dates of sale and prices realised are lacking.

In my opinion, the Board of Directors should not have approved the account as presented, and should not have issued shares therefore without having prima facie evidence that the Company was liable for the sum claimed. Mr Thompson has told me that he was in Brisbane at the time his account was dealt with, and that no details were given of the amount of £1,150, but that his Attorney in Sydney, the late Mr F.F. Munro, provided evidence of shares sold and prices obtained.

1 Wolfenden expresses his concerns about the way this payment of back pay was made in his report Section A, page 12.
2 Whose son had sued the Company for libel.
I have noted, however, that, where it was claimed that 3,125 shares were sold, the Share register shows transfers of Mr Thompson's holding to the extent of only 1,385 shares during the relevant period. Although Mr Thompson, at the date of this report, has not succeeded in tracing the relative sales notes, he states that undoubtedly the remaining 740 shares were also sold, but that in the absence of papers kept by the late Mr Munro is unable to define details.

It may be of interest to note that in checking up the genesis of the principal Agreement of 10th. August 1932 - giving Mr Thompson the power to claim settlement of his expenses by the issue of shares - I noticed that the proposal was apparently first dealt with at a Board meeting on 4th August 1932 (Minute Book, page 202). I found there a Minute purporting to confirm and record certain arrangements "entered into between the Board and Mr Thompson on 13th. April last (i.e. 1932), or approximately four months earlier. To my surprise, on referring back in the Minute Book, I discovered that there was no record of any Board Meeting having taken place on 13th. April at all - the nearest dates being 3rd. March and 3rd. May, on neither of which, however was the "arrangement" minuted. I can only draw one of two inferences from this - firstly that the Secretary either had failed to record, in accordance with Article 122, the proceedings of a meeting of 13th. April, or has made an inexplicable mistake in the date; or secondly, that the report date 4th. August 1932 is drawn to give an appearance of genuineness to the transaction.

Regarding an amount of £500 - paid to F.F.Munro for extra clerical assistance.

Prima facie, this amount seems to have been paid on 5th. January 1933, without any prior consideration by the board of the circumstances of payment. Receipts are on the file, as to £300, for "bonus", and as to £200, for "expenses" - the latter being entirely without detail. Subsequently on 8th. February 1933, Mr Munro gave certain reasons for the payment, but still without anything other than a bald statement that he had incurred expenses of £200.

Regarding the expenses ... the statement in Mr. Munro's letter of 8th. February last, that "I also visited Queensland and personal expenses incurred by me amounted to £200" is exceedingly weak and does not afford sufficient reason for the payment of that sum by the Directors.
According to Mr R.T. Thompson, the amount of £500 was fixed on by Mr Eric Campbell, who however, states on the contrary that the sum was discussed by him with Mr. Thompson, and determined as being a reasonable reward, and more or less in line with the amount which Munro might expect to receive, if he were to proceed against the Company for payment. Mr Campbell, in fact, thinks that £500 was a compromise on £750 demanded by Munro."

As an interesting sidelight on the transaction ... the ... £500 was paid ... in cash. ... The reason ... for the cash payment was that ... Munro was an undischarged bankrupt.
APPENDIX E

Criminal charges against Col. Campbell
APPENDIX E.

THE CRIMINAL CHARGES AGAINST CAMPBELL, LLOYD AND DUESBURY.

Extract from the Sydney Morning Herald, 6 June 1938.

By warrant: - At Sydney and elsewhere in the State of New South Wales between the 1st day of August 1933 and the 19th day of May 1938, Eric Campbell of Sydney in the said State, solicitor; Herbert William Lloyd of Sydney aforesaid, company director and Richard Arthur Duesbury, of Sydney, aforesaid, accountant (hereinafter called the defendants) did unlawfully, fraudulently and deceitfully conspire, combine, confederate and agree to cheat and defraud Du Menier Laboratories Limited (a company incorporated under the laws of the State of New South Wales) and its creditors and its members and divers other persons of large sums money and to cheat and defraud the said company and all other persons who should be entitled to enforce such rights, of the rights to obtain payment of the unpaid capital of 19/- per share on 4,000 shares in and issued by the said company, in the evil example of all others in the like case offending and against the peace of our Sovereign Lord the King, his Crown and dignity.

The case offered by the Crown was that "the accused had manufactured false evidence which was to be used before a Court of justice, if that seemed necessary or expedient to them. It was alleged there was a conspiracy to deceive a court of law by offering false evidence. Evidence which, it was alleged, had been manufactured in 1933 was put forward in 1938 in order to relieve the accused of a liability which they would otherwise have been under."
APPENDIX F

Mount Morgan Income and Expenditure
1929-1950
### APPENDIX F

**INCOME and EXPENDITURE**

**30 June 1929**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ORDINARY SHARE</th>
<th>SHARE PREMIUMS</th>
<th>SHARES OF</th>
<th>SALES OPERATING</th>
<th>MANAGEMENT COSTS</th>
<th>PLANT EXTENSIONS</th>
<th>ORDINARY DIVIDENDS</th>
<th>PREFERENCE DIVIDENDS</th>
<th>WELFARE CONTRIBUTIONS</th>
<th>TOTAL BALANCE</th>
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<th>GENERAL MANAGER</th>
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<td>755,715</td>
<td>217,533</td>
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<td>13,456,813</td>
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**Notes:**

- Sales of metals in 1930-1932 include sales of machinery and scrap metals.
- Plant extensions in 1930 include the cost of purchasing the Mine.
- "Balance" is operating balance for the year and from this must be deducted depreciation, write off of equipment and investments made.
- This table has been generated from Annual Reports, Annual General meetings, General Manager's Annual Reports and from an un-numbered table in CAPCOL, Box SS4.
- All figures in the above table are in Australian Pounds.
APPENDIX G

Tonnages mined, waste discarded, material treated and metals produced, 1929-1950
**APPENDIX G.**

Tonnages Mined, Waste Discarded, Material Treated and Metal Produced,
30 June 1929 to 30 June 1950.

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<td>Waste Dumped until October 1932</td>
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