

GHQ., April 18, 1952

A. R. Fisher

Australian Blue Fibre

The following memorandum covers a few of the high spots that were brought out during my discussion with Mr. C. D. Borrer yesterday, which of course was very limited because of the short time available. He plans to begin work immediately on the detailed report that he will prepare as a result of his investigation in Australia.

Estimated requirements for consumption in Australia

At the present time about 20⁰⁰⁰ tons of chrysotile asbestos fibre are being imported into Australia each year, about 18,000 of which are used in the manufacture of asbestos cement products. Colonial Sugar and Wunderlicht each obtain about 25% of the imports, and Hardie, 50%.

The estimated needs of fibre for asbestos cement products during the next five years amount to 36,000 tons of chrysotile fibre. In addition to the chrysotile fibre, it apparently is preferred practice in Australia to use 15% to 20% of Blue in asbestos cement products, although at the present time Hardie is using less than this and whatever Blue he does use is obtained from Africa. If these Australian manufacturers were to use as much as 20% of Blue, in addition to the 36,000 tons of chrysotile, then this would mean that the demand for Blue within Australia would increase to 7200 tons per year. It is felt that this amount might be doubled over a period of 10 years.

This figure would be further increased in the event that Colonial Sugar should engage in the manufacture of Transite pipe, and while Mr. Borrer was in Australia the statement was made to him that Colonial Sugar would like to enter into an arrangement with J-M on such a project.

As compared with these potential requirements, Colonial Sugar's production has been at the rate of about 2000 tons per year, of which 85% is the #3 grade that we use in Transite pipe, and the balance is #1 and #2.

Reserves

Diamond drilling is considered impractical because of the hilly terrain and the extreme hardness of the iron stone, although five holes have been drilled. To the extent that ore reserves have been estimated by Colonial Sugar, this has been done by a sampling method which Mr. Borrer will describe in his report. The relatively small area that has been surveyed is estimated to contain 300,000 tons of Blue fibre. If this estimate is correct, the additional reserves in the extensive, unsampled area could be many times this figure.

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Yield

With the mining system being used, development work at the present time is being pushed at both the upper and lower seams, but stoping is being done only on the upper seam. Under these circumstances, the yield per ton of rock mined is about 2½%. Based on the contemplated plan of mining, this figure should increase to about 3½% to 4%.

Mill

Present facilities, which consist of only one line, should produce about 3000 tons per year, as is evidenced by the fact that production in March approached this rate. Additional equipment now on hand for the existing mill line but not yet installed, plus some reduction in down time on the line, should enable production to increase to about 4000 tons annually.

If a second line is installed in the present mill, production should reach 8000 tons per year, instead of the apparently conservative figure of 6000 tons mentioned in Mr. R. W. Harman's letter of January 30th.

Incidentally, Mr. Borrer got the impression that the likelihood of immediate expansion by Colonial Sugar entirely on their own is not as positive as has been indicated in the correspondence that we have received. According to Mr. Borrer, Colonial Sugar's Board of Directors were apparently somewhat disappointed in the results of this operation because of some optimistic promises made by their mining consultant, Mr. Reagan, whom we have met. For instance, Mr. Reagan is supposed to have said that the operation would be returning a satisfactory profit within a year after he was engaged.

Cost per ton

In Mr. Harman's letter of January 30th he indicated a production cost per ton of their #3 Blue to be approximately £200 per ton f.o.b. Freemantle. This is substantiated by information given Mr. Borrer which showed their cost in February to be about £205. However, production cost in the month of March decreased to £180.3. Colonial Sugar has estimated that if their production is increased to 6000 tons per year, their cost would be £150 per ton, and at the rate of 10,000 tons per year would be £130. According to Mr. Borrer their operating men feel that these estimates are extremely conservative and claim that at the increased production rates mentioned the cost should be approximately half those that have been officially estimated.

Mr. Borrer feels that the official estimates are too high, and, on the other hand, that their operating men are over optimistic in thinking that they can cut these figures in half. In his report he will give his opinion of what the approximate cost per ton should be after having studied the detailed cost figures that he brought back with him.

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Labor

The principal labor problem that is encountered is that of obtaining and retaining skilled tradesmen; and this probably would be the principal problem in the event of further expansion.

You will recall that about a year and a half ago Mr. Reagan visited with us here in New York when he was on his way to Europe to recruit some employees for Colonial Sugar's operation, and at that time his preference was to obtain Dutch miners if he could do so. However, as you know, the majority of the Europeans that he did send to Australia were Italians. This apparently was fortunate for Colonial Sugar because the Dutch miners have not worked out well and are considered trouble makers, while, on the other hand, the Italians have proved very satisfactory, particularly in their adaptability to the use of mechanized equipment. For example, Mr. Borrer stated that whereas an Australian might drill 20 holes with a jack hammer, an Italian miner during the same period of time will drill 35.

Mr. Borrer stated that at the present time there is a surplus of housing for the laborers due primarily to the smaller number of employees required because of the relatively high efficiency of the Italians.

Mr. Borrer further stated that the Italians seem to be quite happy with their situation, and as a result are sending back to Italy for their brothers, uncles, etc. If this condition should continue, it is possible that the future labor situation at Wittenoom will not present a great problem despite its isolated location.

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