

initiative, the system of transportation subventions, designed to equalize the competitive position of Canadian and imported coals in Central Canada markets, was reorganized and extended. As a result of the revised Government assistance, production reached record heights and the movement of Canadian coals to the Ontario and Quebec markets from Eastern and Western Canada increased greatly. Employment also increased as did average production per man-day.

However, starting in 1952, new economic and technological developments began to have an adverse effect on the situation. It became evident that the Canadian coal industry was being faced with problems that could not have been foreseen by the Royal Commission. The greatly expanded development of oil and natural gas in the western provinces has resulted in growing inroads by these fuels into the markets for locally produced coal. With the extension of pipelines and a plentiful supply of cheap imported residual oils, the impact of competing sources of energy on coal markets throughout Canada has been increasingly felt. Dieselization of the railways and conversion of coal-burning locomotives to oil has drastically cut, and threatens to virtually eliminate in the not too distant future, one of the main traditional outlets for Canadian coal. The situation has been worsened by other factors including increased transportation costs on the movement of Canadian coals and a widening price spread at the pithead in favour of the imported products.

As a result of these conditions, which have been aggravated by a succession of mild winters, the Canadian coal-mining industry reached a critical stage during the year ended Mar. 31, 1954, despite the fact that in that year \$9,861,240 was paid in transportation subventions as compared with \$5,949,005 in 1952-53. The Board, in its studies and recommendations, has kept pace with developments and the Government, fully cognizant of the situation, is currently seeking as sound a solution as possible to the difficulties confronting the coal industry. The Board's recommendations as to a Canadian coal-production policy have been under study by an *ad hoc* Committee on coal subvention policy, composed of deputy ministers of the Departments concerned, preliminary to Government decision.

As agent of the Minister of Mines and Technical Surveys, the Board continued to handle applications for loans under the Maritime Coal Production Assistance Act (R.S.C. 1952, c. 179) and to administer the loans granted thereunder. The Board also continued to administer payments under the Canadian Coal Equality Act (R.S.C. 1952, c. 34) which provides a subsidy on Canadian coal used in the manufacture of coke for metallurgical purposes. During the year ended Mar. 31, 1954, 752,752 tons were bonused at a cost of \$372,612.

The Dominion Coal Board maintains a continuous review of Canada's energy requirements. Because of the growing impact of oil and natural gas on the markets for Canadian coal, study has been intensified on the relation of the competing sources of energy and of possible new outlets for the solid fuel. An Interdepartmental Committee on Energy, composed of representatives from the Board and Departments and agencies of the Government concerned, has recently been established to centralize all information concerning sources of energy and to investigate their relation to the national economy. Furthermore, a power survey of the Maritime Provinces is under way which, it is hoped, will disclose means whereby the price of power may be reduced with a consequent greater demand for coal, and the basic conditions defined under which an increasing development of coal-burning plants may be planned and put into operation.