

At the outset the Board was concerned with the readjustment of the Canadian coal mining industry to peacetime conditions and the implementation of the recommendations of the Royal Commission on Coal (1946). On the Board's 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.

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 made worse 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 industry reached a critical stage during the past two years. The decline in coal mining has occurred despite progressive and substantial increases in the financial assistance extended to it by the Federal Government. Subvention payments have risen from \$4,600,000 in 1951-52 to \$11,300,000 in 1954-55 and in the latter year exceeded those in 1953-54 by \$1,500,000. 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, 1955, 453,646 tons were bonused at a cost of \$224,555.

The Dominion Coal Board maintains a continuous review of Canada's energy requirements. An Interdepartmental Committee on Energy, composed of representatives from the Board and departments and agencies of the government concerned, has been established to centralize all information concerning sources of energy and to investigate their relation to the national economy. Furthermore the Board, in co-operation with the Division of Fuels of the Department of Mines and Technical Surveys, initiated in 1953 a series of studies on power production in Canada with the object of evaluating the possibilities for greater use of Canadian coals in the steam generation of electricity and the increased local markets for these coals that would arise from the production of more and cheaper power. The surveys are also concerned with the over-all energy demand, the interrelation of the various energy sources and the future coal requirements.

The Board since its inception has worked toward the co-ordination of the activities of various government departments and other bodies relating to coal. On the matter of technical research as related to the marketing and distributing of coal, close liaison has been maintained with the Division of Fuels of the Department of Mines and Technical Surveys. Dominion-provincial conferences on coal research have been held annually since 1949 for the purpose of co-ordination and exchange of ideas. An Interdepartmental