

## CHAPTER IV

### FINANCIAL ASPECTS OF PRODUCTION

The Commission considered it desirable to undertake a financial review of the coal mining industry in Canada. A study was made of the operating results of the larger companies over a fifteen-year period (1930 to 1944) in order to secure sufficient information for an appreciation of the financial problems presently confronting the industry. In this chapter is presented the results of the study.

The accountants retained by the Commission proceeded with the study from financial information submitted by the companies in response to a questionnaire. No audit was undertaken. Financial information was received from seventy-one companies distributed as follows:

Province	Number of Companies	Percentage of Coal Mined (1943)
Nova Scotia—		
Cape Breton Island.....	6	100.0
Cumberland County.....	4	99.0
Pictou County.....	3	100.0
New Brunswick.....	7	89.2
Saskatchewan.....	4	87.0
Alberta—		
Bituminous Mines.....	9	100.0
Sub-bituminous.....	9	98.4
Lignite.....	26	78.0
British Columbia—		
Vancouver Island.....	1	98.0
Mainland.....	1	10.0
Crow's Nest Pass.....	1	100.0
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The accountants submitted to the Commission detailed comparative financial statements for these companies and these have proved of considerable value in familiarizing the Commission with the financial and historical background of the industry.

The fifteen-year period studied has been divided into the following periods:

- 1930 to 1935—Depression Period
- 1936 to 1939—Normal or Standard Period
- 1940 to 1944—War Period

The first part of the chapter deals with the financial aspects of the companies by fields or areas, supplemented by significant information for each company. The closing section, or recapitulation, summarizes the financial position of the industry, with observations as to the results. The survey of the companies by fields or areas commences with Cape Breton Island, Nova Scotia, and closes with Vancouver Island.

The word tons refers to short or net tons of 2,000 lbs. unless otherwise stated.

## NOVA SCOTIA

### COAL MINING SUBSIDIES OF DOSCO

The Dominion Steel and Coal Corporation Limited (formerly British Empire Steel Corporation Limited) and referred to as Dosco, controls, through ownership of common stock, the Dominion Coal Company Limited and its producing subsidiary Cumberland Railway and Coal Company. It also controls, through the medium of Nova Scotia Steel and Coal Company Limited, the Old Sydney Collieries Limited and Acadia Coal Company Limited.

The Dominion and Old Sydney Companies operate in the Cape Breton field, the Cumberland Company at Springhill, and the Acadia Company in the Pictou coal area—all in the Province of Nova Scotia.

As the Dominion Steel and Coal Corporation Limited, its subsidiaries and affiliates, produce the major tonnage (approximately 90 per cent) of the coal raised in Nova Scotia, and approximately 30 per cent of the coal produced in Canada, a somewhat detailed explanation of its history and operations is given herewith.

A chart showing the corporate structure of Dominion Steel and Coal Corporation Limited and its subsidiaries and affiliated companies, as at December 31, 1943, is shown on the opposite page.

The incorporation, history and operating record is now dealt with by individual coal-producing companies.

### DOMINION COAL COMPANY LIMITED

This company is controlled by Dosco through the ownership of the total common stock issued. Dosco also owns \$401,200 (par value) of the preferred share issue, out of a total of \$5,359,975 outstanding as of December 31, 1944.

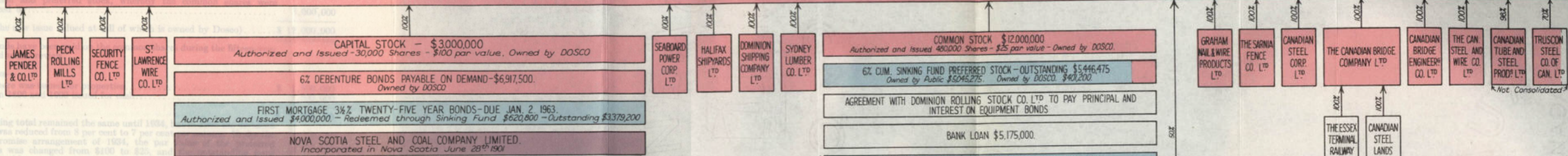
Cumberland Railway and Coal Company, Sydney and Louisburg Railway Company, and Dominion Rolling Stock Company Limited, are fully owned subsidiaries of Dominion Coal, again through the ownership of the common shares. These subsidiaries will be referred to later.

Dominion Coal was incorporated in the year 1893, acquiring all the real and personal property of Mr. H. N. Whitney and associates, including coal mines, equipment, leases, railways, rolling stock, ships, piers, etc. For these properties and \$118,750 in cash the Company issued to Mr. Whitney

15,000 8 per cent preferred shares of a par value of \$100..	\$ 1,500,000
149,650 common shares of a par value of \$100.....	14,965,000
	\$16,465,000

The remaining 15,000 preference shares were sold to the public, 5,000 of which realized \$91 per share in 1896, and 10,000 shares were sold in 1900 at an indicated price of \$110 per share. The proceeds of these issues were used for the further development of the properties.

# DOMINION STEEL AND COAL CORPORATION LIMITED



<b>COMMON STOCK \$800,000</b> Auth. 10,000 - Iss'd 8,000. \$100 par. Owned by N.S.S. & C. Co. Ltd.	<b>ORDINARY STOCK \$184,610.00</b> Auth. 20,000 sh. Iss. 184,610 shares \$175,900 owned by N.S.S. & C. Co. Ltd. \$35,200 owned by Public.	<b>CAPITAL STOCK \$400,000.</b> Auth. & Issued 4,000 sh. - \$100 par. owned by N.S.S. & C. Co. Ltd.	<b>CAPITAL STOCK \$100,000</b> Auth. & Issued 1,000 sh. - \$100 par. owned by N.S.S. & C. Co. Ltd.	<b>CAPITAL STOCK \$100,000</b> Auth. & Issued 1,000 sh. - \$100 par. owned by N.S.S. & C. Co. Ltd.
<b>6% CUM. PFP STOCK \$750,000</b> Auth. & Iss'd 7,500 \$100 par. \$65,200 owned by DOSCO \$98,800 owned by Public.	<b>2<sup>ND</sup> PFP STOCK 6% NON CUM.</b> Auth. & Iss'd 10,000 sh. \$100 par. \$99,800 owned by N.S.S. & C. Co. Ltd. \$200 owned by Public.			
<b>1<sup>ST</sup> MFG 6% SINK PFP BONDS</b> Due 1952 \$247,700	<b>TEN YEAR 4% MORTG. BD<sup>S</sup></b> Due 1949 Owned by Eastern Car Co. Ltd.	<b>BANK LOAN \$309,000</b>	<b>OLD SYDNEY COLLIERIES LTD.</b> Incorp. in Nova Scotia Nov. 16, 1938.	<b>TRENTON STEEL W<sup>ORKS</sup> LTD.</b> Incorp. in Nova Scotia Nov. 16, 1938.
<b>EASTERN CAR CO. LTD.</b> Incorp. in Dom. of Canada June 12, 1912.	<b>ACADIA COAL CO. LTD.</b> Incorp. in Nova Scotia May 10, 1965.			

## DOMINION STEEL AND COAL CORPORATION LIMITED CORPORATE STRUCTURE

AS OF DECEMBER 31<sup>ST</sup> 1943.

AUTHORIZED \$12,000,000

<b>COMMON STOCK \$12,000,000</b> Authorized and Issued 480,000 Shares - \$25 par value - Owned by DOSCO.
<b>6% CUM. SINKING FUND PREFERRED STOCK - OUTSTANDING \$5,446,475</b> Owned by Public \$5,045,275. Owned by DOSCO. \$401,200.
AGREEMENT WITH DOMINION ROLLING STOCK CO. LTD. TO PAY PRINCIPAL AND INTEREST ON EQUIPMENT BONDS
<b>BANK LOAN \$5,175,000.</b>
<b>FIRST MORTGAGE BONDS 4 1/2% - 1939 SERIES - DUE 1952.</b> Issued and Outstanding - \$1,500,000.
<b>FIRST MORTGAGE 15 YEAR BONDS - 4 1/2% SERIES A - DUE OCT. 1, 1952.</b> Issued and Outstanding - \$3,000,000.
<b>DOMINION COAL COMPANY LIMITED</b> Incorporated in Nova Scotia, Feb. 1 <sup>ST</sup> 1893.

<b>CAPITAL STOCK \$36,800</b> Auth. 10,000 Shares Iss. 368 sh. \$100 par. owned by Dom. Coal Co. Ltd.	<b>4% SERIAL EQUIPMENT BONDS 1941 Series - Due 1945-46</b> \$130,000	<b>CAPITAL STOCK \$2,000,000</b> Auth. and Issued 20,000 sh. \$100 par value owned by Dom. Coal Co. Ltd.	<b>LEGEND</b> Public Ownership	
<b>3 1/2% SERIAL EQUIPMENT BONDS 1941 Series, Due 1944</b> \$65,000	<b>4% SERIAL EQUIPMENT BONDS Due 1944-47</b> \$212,000.	<b>CAPITAL STOCK \$1,200</b> Auth. 100 Shares Iss. 12 Sh. \$100 par value owned by Dom. Coal Co. Ltd. \$600 owned by DOSCO \$600.		
<b>4% SERIAL EQUIPMENT BONDS Due 1944-47</b> \$272,000.	<b>4% SERIAL EQUIPMENT BONDS Due 1944-45</b> \$52,000			
<b>SYDNEY &amp; LOUISBURG R<sup>AIL</sup> CO.</b> Incorp. in Nova Scotia Sept. 10, 1910	<b>DOM. ROLLING STOCK CO. LTD.</b> Incorp. in Nova Scotia Dec. 15, 1934			<b>CUMBERLAND R<sup>AIL</sup> &amp; COAL CO.</b> Incorp. in Dom. of Canada May 25, 1883.
*Guarant. by Dom. Coal Co. Ltd.	<b>EMPIRE HOUSING CO. LTD.</b> Incorp. in Nova Scotia Oct. 4, 1921.			

Various bond issues and changes in the common and preference shares were made in the years intervening between 1893 and 1934, a summary of which is now given.

*Common Shares—*

In 1893 there was issued for properties, etc. ....	\$ 15,000,000
During 1934 a compromise arrangement was made with the holders of the common and preferred stock, whereby the common shares were reduced by.....	3,000,000
Leaving the new issue valued at (all of which is owned by Dosco).....	<u>\$ 12,000,000</u>
No dividends have been paid on the common shares during the fifteen-year period under review.	

*Preferred Shares—*

In 1893 there was issued for properties.....	\$ 1,500,000
and in 1896 and 1900 issued for cash.....	1,500,000
	<u>\$ 3,000,000</u>
The resulting total remained the same until 1934, but in 1905 the dividend rate was reduced from 8 per cent to 7 per cent per annum. Under the compromise arrangement of 1934, the par value of the preferred shares was changed from \$100 to \$25, and the outstanding issue increased by.....	3,000,000
The resulting total of.....	<u>\$ 6,000,000</u>
represented 240,000 shares of \$25 each.	
These were reduced by shares purchased by the Company and cancelled from 1937 to 1944 of (par value).....	640,025
leaving the outstanding preferred stock as at December 31, 1944, standing at.....	<u>\$ 5,359,975</u>
Of the outstanding preferred stock, Dosco owns.....	\$ 401,200
and the public holds.....	4,958,775
	<u>\$ 5,359,975</u>

The above preferred stock was purchased by the Dominion Company as shown below:

	Par Value Purchased	Cost	Discount
	\$	\$	\$
1938.....	161,975.00	122,709.60	39,265.40
1939.....	179,300.00	136,380.39	42,919.61
1940.....	151,500.00	127,909.00	23,591.00
1941.....	10,875.00	7,867.00	3,008.00
1942.....	49,875.00	24,817.95	25,057.05
1944.....	86,500.00	47,802.49	38,697.51
	640,025.00	467,486.43	172,538.57

The average cost was 73 per cent of par value.

Preferred shares are 6 per cent cumulative from October 1, 1934, preferred as to assets and dividends. They are also entitled to one vote per share, and are subject to call on 60 days' notice at Company's option at 110 per cent of the par value and accrued dividends. There is a sinking fund provision of 1 per cent per annum of the par value of all preference shares issued to commence in 1942, or as soon as the 5 per cent first mortgage bonds were retired. The 5 per cent mortgage bonds were retired in 1937, as referred to later in this report.

Dividends have been paid on the preferred shares up to September 30, 1942, in the years shown below:

1935.....	\$ 360,000.00	1940.....	\$ 331,780.00
1936.....	451,200.00	1941.....	164,909.25
1937.....	360,000.00	1943.....	409,574.92
1938.....	352,809.75		
1939.....	343,695.57		<u>\$ 2,773,969.49</u>

The arrears of cumulative dividend amounted to \$3.37 per \$25 share, or a total of \$722,524.63 at the end of 1944. A payment in July, 1946, settled the arrears to December 31, 1943, and also paid the current quarter to June 30, 1946.

*Bonds—*

	Par Value
Prior to March 1, 1893, 6 per cent 20-year first mortgage bonds were sold to the public at 92, in the amount of .....	\$1,500,000
and from 1893 to 1897 there were sold at 93, bonds amounting to .....	1,500,000
Of the total of .....	\$3,000,000
there was redeemed by sinking fund from 1897 to 1905.....	565,000
and in 1905 there was retired by a new issue the remaining balance of .....	<u>\$2,435,000</u>
To retire the 6 per cent bonds of \$2,435,000 in 1905 and to repay notes payable to Dosco of \$2,380,000, there were issued 5 per cent 35-year first mortgage bonds which were sold to the public at 94.....	\$5,000,000
and in 1912 there was sold to the public at par.....	2,000,000
making a total issue of .....	<u>\$7,000,000</u>
These bonds were redeemed by annual instalments to May 31, 1937, amounting to .....	<u>\$5,519,500</u>
and the remainder retired by a new series "A" 15-year serial bonds bearing 3½ per cent which have been retired in full during the years 1938-1943 .....	<u>\$1,480,500</u>
In 1912, 6 per cent cumulative sinking fund debentures were issued to Dominion Steel Corporation at an average price of \$83.32 per \$100, amounting to (par value).....	\$3,500,000
which were all redeemed by October 1, 1937, mainly from a new issue of bonds during that year .....	<u>3,500,000</u>
On October 1, 1937, 3½ per cent first mortgage serial bonds to mature October 1, 1943, in the amount of .....	\$3,000,000
and 4½ per cent 15-year bonds maturing October 1, 1952, in the sum of ..	3,000,000
making a total of (as at December 31, 1937).....	<u>\$6,000,000</u>
which were sold at 96, the proceeds being used to retire prior bond issues and to buy the Cumberland Railway and Coal Company from Dosco for \$1,000,000.	
A further issue was made in 1939 of the 4½ per cent bonds which were sold at 96.65, with the proceeds being used to provide the Cumberland Company with cash to retire their 5 per cent first mortgage bonds due in 1940 of .....	1,500,000
	<u>\$7,500,000</u>
These bonds have been redeemed at the rate of \$500,000 per annum from 1938 to 1943 and \$76,000 in 1944, making a total of .....	<u>\$3,076,000</u>
leaving the balance outstanding of (par value) as at December 31, 1944 ..	<u>\$4,424,000</u>

From the foregoing summary of bond transactions it will be noted that during the fifteen-year period under review redemption of bonds has amounted to \$5,779,000 as under:

Period 1930-1937 (approximately).....	\$2,703,000
Period 1938-1944.....	3,076,000
	<u>\$5,779,000</u>

*Financial Position*

The summarized financial position as shown by the consolidated balance sheet (Dominion, Cumberland, Sydney and Louisburg Railway and Dominion Rolling) as at December 31, 1930, and 1944, is undernoted:

	1930	1944
	\$	\$
<i>Assets</i>		
Gross Property Value.....	(a) 41,214,186.58	48,830,150.23
Depreciation Reserve.....	15,331,573.63	26,779,648.18
	25,882,612.95	22,050,502.05
Trustees Cash Balance.....	138,744.73	640,795.22
Deferred Expenses.....	321,862.21	325,271.74
Net current position, including amounts due to or from Associated Companies.....	1,296,489.22	4,411,943.77
	27,639,709.11	27,428,512.78
<i>Liabilities</i>		
Share Capital—		
Common.....	12,000,000.00	12,000,000.00
Preferred.....	6,000,000.00	5,359,975.00
Funded Debt—Dominion Coal Co. Ltd. }.....	7,129,500.00	4,424,000.00
Dominion Rolling Stock Co. }		519,000.00
	25,129,500.00	22,302,975.00
Reserves.....	1,440,707.47	3,594,134.55
Surplus.....	1,069,501.64	(b) 1,531,403.23
	27,639,709.11	27,428,512.78

(a) The fixed assets of Cumberland Railway and Coal Company were not acquired by the Dominion Coal Company Limited until 1937 (\$3,645,342.39) and are, therefore, not included in the 1930 position as shown above.

(b) The surplus of \$1,531,403.23 at December 31, 1944, is subject to reduction on the payment of arrears of cumulative dividends of \$722,524.63 on the preferred shares.

*Capital Employed*

The ascertainment of the capital employed depends to a large degree on the accuracy by which the value of the assets can be assessed. The most satisfactory way to arrive at this figure, in a company such as Dominion which has so many ramifications and complications in regard to the acquisition of properties and the issue of its capital, is to make an actual physical appraisal of the properties. In the absence of such an appraisal (which it was impracticable for this Commission to undertake), the values must be taken from the books of account of the Company and due weight must be given to the manner by which the assets were acquired—that is, either for a cash or share consideration.

The book values of the properties and other assets owned by the four companies involved as at December 31, 1944, are as follows:

Properties (net).....	\$22,050,502.05
Trustees Cash.....	640,795.22
Deferred Expenses.....	325,271.74
Net Current Position.....	4,411,943.77
Total capital employed per books.....	<u>\$27,428,512.78</u>

The net properties of \$22,050,502.05 are owned by the four companies as under:

*Dominion Coal—*

Coal Areas and Leases.....	\$10,567,057.01	
Collieries, Sinkings, Plant and Equipment.....	6,529,552.93	\$17,096,609.94
<i>Cumberland Railway and Coal.....</i>		2,401,403.49
<i>Sydney and Louisburg Railway.....</i>		1,454,525.99
<i>Dominion Rolling Company.....</i>		1,097,962.63
		<u>\$22,050,502.05</u>

The Dominion Income Tax Department, for the purposes of fixing a consolidated standard profit for the Company, ascertained the capital employed of the four companies as at January 1, 1939, to be the amount of \$13,636,263.53.

The capital employed calculated by the Income Tax Department of approximately \$13,600,000 as at January 1, 1939, compares with capital employed arrived at on the book figure of \$29,177,095.33 as at the same date. The main difference between these figures is that the Income Tax Department deduct from the book values the amount of bonds then outstanding of \$8,471,000, and also deduct from the assets the depletion allowed by that department on coal leases amounting to \$7,800,000.

Considerable discussion has taken place with regard to the real value of the coal areas of Dominion Coal, which at December 31, 1944, had a gross book value of \$15,111,598.24 and a net book value of \$10,567,057.01. This latter figure is included and forms part of the book value of the capital employed of \$27,428,512.78.

As reported previously, these leases were acquired at the inception of the Company in 1893, and the available information is that all of the common shares amounting to \$15,000,000, together with \$1,500,000 preferred shares, were issued for the leases and other assets.

The Board of Referees, in reviewing the claim of the Company for a standard profit, accepted the book figure of coal areas as part of the capital employed. The auditors of the Company, Messrs. Price, Waterhouse and Company, in referring to this item, state "that the balance of fixed assets (coal areas and leases) are the original amounts paid at the incorporation of the Company, plus the accumulations of capital expenditures made since that date, and represent actual out-of-pocket expenditures and have been so accepted by the Income Tax Department."

In awarding production subsidies to these companies, the Emergency Coal Production Board did not allow any depletion charge, usually based at 10 cents per short ton of coal produced as an operating cost. We are informed that the Board follows this procedure where the companies involved are unable to satisfy them that the leases were acquired for cash.

It would, therefore, appear that we have two departments of the Government—namely, the Income Tax which allows as part of the capital employed the amount or value of the leases and, on the other hand, the Emergency Coal Production Board which does not regard the leases as an asset on which depletion should be allowed owing to the inability of the Company to satisfy them as to their cash value.

The following are extracts from a report submitted in 1944 by consulting engineers to the Emergency Coal Production Board, and dealing in this instance with the valuation of coal areas and leases.

The books of Dominion Coal Company state that the value of coal areas and leases at March 31, 1914, was the amount of total properties less Collieries, Sinkings and Openings, S. & L. Railway, Power Plants, Agencies, etc., as estimated by Appraiser.

Many of the original accounting records of Dominion Coal Company are reported to have been destroyed by fire a few years prior to 1914. For the purpose of determining the value of the fixed properties of the Company, an Appraiser was employed. The book of the Appraiser on file at Sydney indicates that he used actual book costs of the items of property acquired within a few years of the date of the appraisal (March 31, 1914) as shown by odd dollars of value, whereas many of the other presumably older items of property are shown in even hundreds or thousands of dollars. The total appraised value of the collieries, etc., was \$18,414,053, the total book value of all fixed properties as of March 31, 1914, was \$32,977,437, from which was deducted the amount of the other properties \$18,414,053, thus leaving \$14,563,384 as the gross value of coal areas and leases. Between 1914 and 1926 net additions to coal areas and leases amounted to \$548,215 and, as no additions have been made since 1926, the gross fixed assets represented by coal areas and leases were \$15,111,598 as of December 31, 1943.

We have attempted to verify the original cost of the fixed assets, particularly with regard to the coal areas and leases mentioned in the preceding paragraph. The total gross book value of all fixed properties as of March 31, 1914, in amount of \$32,977,437 according to our records made in 1925-1926, included \$12,739,960 as "discounts on securities, etc.," or goodwill. If the amount of \$12,739,960 had been given effect, the value of \$14,563,384 would have been reduced to \$1,823,424.

It is, therefore, apparent why we do not feel that the amount of \$15,111,598 as of December 31, 1943, can be accepted as cost of acquiring the coal areas and leases.

The published balance sheet of Dosco as at December 31, 1945, shows that the investment of that Company in Dominion Coal Company Limited and comprising 480,000 common shares (being all of the issued common shares) and 16,048 preferred shares was carried at the amount of \$853,918.81. As the preferred shares had a par value of \$401,200 and an approximate market value of \$250,000, the value of the common shares in the books of Dosco might be considered as approximately \$600,000, which amount could be regarded as the valuation of coal areas in the Dominion Coal Company.

On such a basis of valuation, the capital employed as shown by the books of the four companies involved would be reduced by approximately \$10,000,000, bringing the net figure as at December 31, 1944, to approximately \$17,500,000, represented by fixed assets of approximately \$12,000,000 and liquid assets of approximately \$5,500,000.

#### Reserves

As at December 31, 1944, the companies had reserves amounting to \$3,594,134.55, made up as follows:

Betterment and Extensions.....	\$ 2,315,459.16
Subsidence.....	716,793.15
Contingency.....	210,782.73
Preferred Stock.....	172,538.57
Workmen's Compensation Board.....	19,973.19
Freight Reserve.....	12,168.62
Sundry.....	146,419.13
	<hr/>
	\$ 3,594,134.55

There was also a reserve of \$600,194.79 provided for inventory losses, which amount has been deducted from the net current position, and also an amount of \$100,000 for freight provision which is carried as an account payable. The total, therefore, of all the reserves carried is \$4,294,329.34. Reserve for bad debts of \$390,000 appears to be reasonable, in view of the large accounts receivable due to the Company.

These reserves have been built up over the years mainly as charges to operations and, while the amounts are allocated for specific purposes, the actual funds have not been segregated from the other assets of the Company. There has not been a consistent policy adopted by Dominion of making charges to these reserves, and in the last two years the reserves have remained at substantially the same balance.



An illustration of contingencies which would ordinarily be charged to a reserve occurred in the years 1943 and 1944 when the Dominion Company suffered both a fire and flood loss, which cost \$294,339.62 in 1943 and \$65,321.16 in 1944, both amounts being charged to the operating costs of the year.

In this connection, it is of interest to note that the Acadia Coal Company Limited, which is in the group of companies controlled by Dosco, suffered a fire loss in the amount of approximately \$186,000 during the years 1930 to 1932. That Company charged this loss against a reserve set up for that purpose, which had the effect of writing off the amount to operations over a period of seven years.

These reserves may properly be termed an allocation of the surplus account withheld from the shareholders distributable by way of dividends. The equity of the holders (Dosco) of the common shares has, therefore, been enhanced to this extent.

#### Government Assistance

The Emergency Coal Production Board has assisted Dominion and Cumberland to a larger extent than any other company in Canada.

To the end of 1944 production subsidies have been finalized

at.....	\$10,316,747.17	for Dominion
and.....	1,112,303.43	for the Cumberland Company
for a total of.....	<u>\$11,429,050.60</u>	

The above subsidy figure represents 69.8 per cent of the total subsidies finalized by the Board to 1944.

Up to March of 1946 further advances have been made of some \$3,775,000 on account of 1945 operations.

Wage equalization payments have also been received by Dominion and Cumberland from the Board of \$240,311.46, and cost-of-living bonuses from the Commodity Prices Stabilization Board of \$1,061,664.10.

Considerable negotiations, audit and investigation work have taken place between government and company officials before the subsidy for 1943 and 1944 was eventually agreed upon in June of 1946.

The original claim was made by the companies as follows:

Dominion.....	\$11,247,877.65
Cumberland.....	1,391,686.89
	<u>\$12,639,564.54</u>

This claim was reduced by the Board by \$1,210,513.94 in respect of the years 1943 and 1944 by the undernoted changes:

	Dominion	Cumberland	Total
	\$	\$	\$
Expenditures of a capital nature.....	600,392.83	133,318.95	733,711.78
Depletion.....	615,425.90	109,737.70	725,163.60
Administration.....	242,749.02	40,896.03	283,645.05
Miscellaneous.....	23,385.44	3,842.62	27,228.06
	<u>1,481,953.19</u>	<u>287,795.30</u>	<u>1,769,748.49</u>
LESS additional items allowed			
Profit at 15 cents per ton on bunker and export coal.....	109,511.25		109,511.25
Profit at 10 cents per ton on U.S.A. coal.....	399,492.80		399,492.80
Depreciation on capital items.....	41,813.66	8,411.84	50,230.50
	<u>550,822.71</u>	<u>8,411.84</u>	<u>559,234.55</u>
NET DISALLOWANCE.....	931,130.48	279,383.46	1,210,513.94

DOMINION COAL COMPANY LIMITED—SYDNEY, NOVA SCOTIA

SUMMARY OF OPERATING RESULTS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
		Tons			Tons			Tons			Tons	
Tonnage Sold.....		19,420,057			16,999,585			21,045,597			57,465,239	
Realization.....		\$ 92,679,726.45	\$ 4.772		\$ 81,751,623.62	\$ 4.809		\$ 116,363,841.76	\$ 5.529		\$ 290,795,191.83	\$ 5.060
Less Agency and Shipping Expenses.....		24,044,316.97	1.238		20,945,573.74	1.232		31,834,951.39	1.513		76,824,842.10	1.337
		68,635,409.48	3.534		60,806,049.88	3.577		84,528,890.37	4.016		213,970,349.73	3.723
<i>Deduct Costs</i>												
Labour.....	56.028	37,553,927.76	1.934	58.325	33,700,368.43	1.982	60.041	57,146,336.90	2.715	58.368	128,400,633.09	2.234
Material.....	12.375	8,294,725.90	0.427	10.991	6,350,720.99	0.374	11.216	10,675,010.72	0.507	11.510	25,320,457.61	0.441
Power.....	7.083	4,747,368.24	0.244	5.819	3,361,946.52	0.198	5.168	4,918,439.37	0.234	5.922	13,027,754.13	0.227
Taxes.....	1.679	1,125,334.58	0.058	1.244	718,537.91	0.042	0.923	878,421.05	0.042	1.237	2,722,293.54	0.047
Royalties.....	2.991	2,005,036.79	0.103	3.123	1,804,511.69	0.106	2.232	2,124,584.56	0.101	2.698	5,934,133.04	0.103
Workmen's Compensation Board.....	1.559	1,044,929.60	0.054	2.430	1,404,041.43	0.083	2.565	2,441,590.04	0.116	2.223	4,890,561.07	0.085
Other Mining Costs.....	10.094	6,765,491.78	0.348	7.931	4,582,264.83	0.270	10.048	9,563,452.47	0.454	9.506	20,911,209.08	0.364
Administration and Overhead.....	5.457	3,657,872.22	0.188	3.763	2,174,119.17	0.128	4.028	3,834,163.69	0.182	4.394	9,666,155.08	0.168
Depreciation.....	97.266	65,194,686.87	3.356	93.626	54,096,510.97	3.183	96.221	91,581,998.80	4.351	95.858	210,873,196.64	3.669
	2.734	1,832,033.36	0.095	6.374	3,683,583.28	0.216	3.779	3,596,442.24	0.171	4.142	9,112,108.88	0.159
Total Cost.....	100.000	67,026,770.23	3.451	100.000	57,780,094.25	3.399	100.000	95,178,441.04	4.522	100.000	219,985,305.52	3.828
Profit or Loss on Operations.....		1,608,639.25	0.083		3,025,955.63	0.178		17,649,550.67	0.506		6,014,955.79	0.105
Add Sundry Revenue.....		2,206,510.77	0.114		998,698.23	0.059		4,000,411.11	0.190		7,205,620.11	0.125
Subsidies.....								10,316,747.17	0.490		10,316,747.17	0.180
		3,815,150.02	0.197		4,024,653.86	0.237		3,667,607.61	0.174		11,507,411.49	0.200
<i>Deduct Bond Interest and Sinking Fund.....</i>		4,742,790.92	0.244		1,629,731.97	0.096		1,305,240.21	0.062		7,677,763.10	0.134
Profit or Loss before Taxes.....		927,640.90	0.047		2,394,921.89	0.141		2,362,367.40	0.112		3,829,648.39	0.066
Income Tax.....					290,000.00	0.017		988,515.16	0.047		1,278,515.16	0.022
Net Profit or Loss.....		927,640.90	0.047		2,104,921.89	0.124		1,373,852.24	0.065		2,551,133.23	0.044
If Depletion were entered at 10 cents per ton, a further charge would be necessary of.....		1,942,005.70	0.100		1,699,958.50	0.100		2,104,559.70	0.100		5,746,523.90	0.100
Making a Net Profit or Loss of.....		2,869,646.60	0.147		404,963.39	0.024		730,707.46	0.035		3,195,890.67	0.056

The final subsidy paid was in respect of—

Operating losses.....	\$ 9,203,178.43
Profit at 15 cents per ton on sales.....	1,826,379.37
Profit at 10 cents per ton on U.S. coal.....	399,492.80
Making a total of.....	<u>\$11,429,050.60</u>

The subsidy to Dominion represents 32 cents, 88 cents and \$1.67 per ton for the respective years 1942 to 1944, and for the Cumberland Company 67 cents, 49 cents and \$1.34 per ton.

### Operating Results

The result of the Companies' operations (Dominion Coal, Sydney and Louisburg Railway, and Dominion Rolling Company), as shown by the books and before the provision for income tax and preference dividends, is shown in the following tabulation. With respect to the years 1942, 1943 and 1944, the amounts finalized by the Emergency Coal Production Board are noted, and also the resultant figures after taking these amounts into consideration.

	Profit or Loss Before Income Tax	Per Ton (short)	Subsidy Finalized	Profit after Subsidy	
				Amount	Per Ton
	\$	\$	\$	\$	\$
1930.....	312,483.30 (loss)	0.081 (loss)			
1931.....	1,350,556.34 (loss)	0.468 (loss)			
1932.....	539,123.05 (loss)	0.229 (loss)			
1933.....	155,392.55 (profit)	0.054 (profit)			
1934.....	629,825.44 (profit)	0.166 (profit)			
1935.....	489,303.80 (profit)	0.161 (profit)			
1936.....	586,889.70 (profit)	0.140 (profit)			
1937.....	644,821.00 (profit)	0.140 (profit)			
1938.....	422,566.98 (profit)	0.113 (profit)			
1939.....	740,644.21 (profit)	0.166 (profit)			
1940.....	1,088,386.46 (profit)	0.213 (profit)			
1941.....	596,996.08 (loss)	0.133 (loss)			
1942.....	667,189.29 (loss)	0.151 (loss)	1,398,325.88	731,136.59	0.166
1943.....	2,622,052.99 (loss)	0.729 (loss)	3,181,555.97	559,502.98	0.155
1944.....	5,156,527.87 (loss)	1.503 (loss)	5,736,865.32	580,337.45	0.170

On the previous page a summary of the operating results is shown, divided into the periods 1930-1935, 1936-1939, and 1940-1944. The first period shows a loss of 4.7 cents per ton, the second a profit of 12.4 cents, and the war years (after subsidy) a profit of 6.5 cents. These results are before any charge for depletion is included.

### Capital Expenditures

The Dominion Coal Company have adopted the accounting method which is based on the principle that when a colliery has been put on commercial production all expenditures are classified as operating expenses unless such expenditures:

- (1) Increase the initial daily production, or
- (2) Decrease the cost of production, or
- (3) Increase the available reserves of coal.

An analysis was made of items which are ordinarily capitalized in most Canadian coal companies. By eliminating the cost of those items and substituting therefor depreciation as determined by the engineer to the Board, a variation of the costs as shown by the books resulted. This analysis increased the profit for the years 1943 and 1944 by \$26,000 and \$89,000 respectively.

Subsequently the Company and the Emergency Board agreed on the amount of the production subsidy, which settlement eliminated items of a capital nature totalling \$600,392.83. This amount compares with an original disallowance of \$1,316,638.11, the difference of \$716,245.28 represented equipment that had a comparatively short life and was accepted by the Board as an operating expense.

The \$600,392.83 in equipment expenditures has now been capitalized by Dominion and added to the assets.

Some question has arisen as to whether or not the Dominion and associated companies have been consistent in their accounting treatment throughout the whole of the period under review, or whether there was a change in accounting procedure—particularly with regard to the charging of possible capital expenditures to operations during the years in which the companies were receiving production subsidies.

The records of the companies show that during the period under review the Dominion Company expended the amount of \$4,802,580.02 in capital expenditures, and the Cumberland Company the sum of \$658,741.08 in the same period. The expenditures took place in the undernoted years:

Year	Dominion Company	Cumberland Company
	\$	\$
1932.....	18,110.58	12,633.47
1933.....	13,728.52	3,353.30
1934.....	86,329.89	12,027.84
1935.....	128,510.56	272,334.03
1936.....	122,181.94	240.54
1937.....	220,647.70	87,080.00
1938.....	367,236.89	57,463.73
1939.....	196,873.55	
1940.....	1,111,352.50	13,202.42
1941.....	1,264,169.52	56,063.44
1942.....	306,297.54	9,833.40
1943.....	334,702.19*	36,107.71
1944.....	632,438.64	98,401.20
	4,802,580.02	658,741.08

\* After capitalization of amounts disallowed by the Emergency Coal Production Board.

In view of the amount of the expenditures in 1940 and 1941, an analysis of same is given hereunder:—

	1940	1941
	\$	\$
Developing and equipping—		
Dominion Colliery No. 18.....	84,307.93	4,878.77
Dominion Colliery No. 20.....	40,370.57	3,862.59
Dominion Colliery No. 25.....	64,481.94	288,196.72
Total Collieries.....	189,160.44	296,938.08
Agencies (mainly Bridge Bank).....	75,380.54	339,360.06
Sanitary Installations.....	23,935.02	32,241.95
S. & L. Railway (mainly cars).....	754,717.49	440,115.68
Shops and Warehouses.....	68,159.01	155,513.75
	1,111,352.50	1,264,169.52

The accountants to the Commission were not satisfied with the distribution of expenditures, as recorded, during the years when the Company was receiving government subsidy. As mentioned previously, they questioned the propriety of numerous charges to expenses which, in their opinion, should have been added to the assets. It was also possible that considerable development work, the major part of which was labour, was being included as an operating expense.

This whole matter was also the subject of careful enquiry by the Emergency Coal Production Board, which examination has resulted in the decreasing of operating expenses and the increasing of capital assets of the Dominion and Cumberland Companies by the amount of \$733,711.78 for the years 1943 and 1944.

In view of the above adjustments which have been accepted by the Companies, we believe that the operating statements as included in this report fairly represent the financial position.

The situation herein discussed emphasizes the need for uniform accounting in the accounts of coal-producing companies.

In discussing the amounts of capital expenditures which have been made and as to whether or not the Companies should have spent more money by way of mechanization and/or capital improvements, there was a suggestion that this could have been accomplished had certain moneys been retained in the treasury instead of being paid out by way of dividends or redemption of bonds.

The records disclose that during the fifteen-year period preferred dividends were paid from 1935 to September 30, 1942, in the aggregate amount of \$2,773,969.49. As at July 31, 1946, a further amount of \$482,397.75 was paid in respect of preferred dividends for the period October, 1942, to December, 1943, and the current quarter to June 30, 1946. Preferred shares were redeemed from 1938 to 1944 to the par value amount of \$640,025.

As mentioned previously in this report, bonds of the Dominion Company have been redeemed during the fifteen-year period in the amount of approximately \$5,779,000, of which the sum of \$3,076,000 took place during the period 1938 to 1944. This latter redemption was on the basis of \$500,000 per year for six years, with the amount of \$76,000 in the year 1944. Bonds of the Cumberland Company of approximately \$2,200,000 were redeemed between 1937 and 1940.

Bond interest and discount, together with provision for sinking fund payments, have been included in the operating costs during the fifteen-year period as under:

	Dominion	Cumberland	Total
	\$	\$	\$
Bond interest and discount.....	4,815,680	1,296,735	6,112,415
Sinking Fund.....	2,862,083	210,000	3,072,083
	7,677,763	1,506,735	9,184,498

As mentioned previously, no dividends were paid on the common shares during the period under review.

What amounts might be required for mechanization and/or capital improvements is discussed in the chapter on Mining Methods. All of the payments made in respect of redemption of bonds and preference shares have reduced the working capital position of the Company. The payment of accruing bond interest is necessary to meet the contractual obligations of the Company.

Different considerations arise in connection with dividends paid on the 6 per cent cumulative preferred shares. Except for the quarterly dividend for the three months ended June 30, 1946, which has been paid, the dividends on these shares are in arrears for the years 1944 to the first quarter (March 31) in 1946, inclusive. The working capital of this Company is not large in relation to its extensive operations, and if in the future substantial amounts are required for improvements it may appear that payments of preferred dividends for the entire war period might have been withheld and the working capital position thus improved.

#### *Taxes and Royalties*

During the period under review the Company has paid taxes, not including income taxes, of \$2,722,293.34. In addition, royalties are paid to the Province of Nova Scotia on the basis of 12.5 cents per long ton, resulting in the following payments:

1930-1935.....	\$ 2,005,036.79
1936-1939.....	1,804,511.69
1940-1944.....	2,124,584.56
Total royalties.....	<u>\$ 5,934,133.04</u>

#### *Depreciation and Depletion*

DEPRECIATION.—In the mining costs of the two coal companies (Dominion and Cumberland) a charge of 20 cents per long ton is made as a provision for depreciation on the fixed assets. For the purposes of the annual profit and loss accounts, however, this provision is reversed and depreciation is calculated on depreciable assets at rates varying from 1 to 10 per cent and for sinkings and openings a tonnage basis is used. In the case of the Cumberland Company, depreciation is based at the rate of 5 per cent of the gross book value of the depreciable assets.

The measure of the depreciation charged for the Dominion Rolling Stock Company is the amount of the annual repayment of the serial bonds issued in respect of the equipment. These repayment provisions are on a basis of 5 and 10 years. As the assets involved have all the same estimated life, the financial statement would be more accurate if the depreciation charges were based accordingly.

The gross book value of the depreciable assets of Dominion Coal and subsidiaries, after eliminating obsolete and fully depreciated assets, amounted to \$24,262,562.84 as at December 31, 1944. The total depreciation for the year 1944 as incorporated in the accounts was \$1,286,685.59 (which includes \$191,146.92 as applicable to coal areas), or 5.3 per cent of the gross value.

At December 31, 1944, the depreciation reserve which had been provided for depreciable assets totalling \$24,262,562.84 was \$12,345,647.83, or 50.88 per cent of the assets. On the present basis of depreciation, the depreciable assets—viz., plant, equipment and development—will be fully written off in a further 9.2 years. It should be noted that the rates of depreciation adopted by the companies are not in excess of those allowed by the Income Tax Department. After consultation with the mining engineer retained by the Commission, we are of the opinion that the rates for depreciation as charged by the companies are reasonable.



## SALES TO DOSCO (STEEL DIVISION)

	1930			1935		
	Tonnage	Per-centage	Average Price at Mine	Tonnage	Per-centage	Average Price at Mine
Round.....	187,098	25.0	\$	119,220	17.5	\$
Slack.....	558,565	75.0		557,596	82.5	
Sales to Dosco (Steel Division)....	745,663		3.302	676,816		2.921
Percentage of Total Sales.....		19.7			18.0	
	1939			1944		
Round.....	130,153	17.5	3.572	230,924	19.0	4.913
Slack.....	600,755	82.5	3.126	963,894	81.0	4.431
Sales to Dosco (Steel Division)....	730,908		3.206	1,194,818		4.577
Percentage of Total Sales.....		16.4			34.8	

The prices to the public up until the year 1940 were competitive with other companies and with United States coal—subject, of course, to the protection enjoyed by Canadian companies through tariff regulations and assistance by way of transportation subventions.

In war years all coal-producing companies were subject to price control, and certain advances in the sale price to the consumer were permitted during that time because of increased labour costs.

The Dominion Government, through the Commodity Prices Stabilization Board, paid to all producing coal companies the difference between increased wages due to cost-of-living bonus and the permitted sales increase. In addition, when the miners were granted a further increase in wages of one dollar per day and a sales price increase of 95 cents per net ton was allowed, the Government paid this Company an amount sufficient to level out the differences involved.

On more than one occasion the suggestion has been made that this Company was selling coal to the Steel Division of Dosco for coking purposes at too low a price, having regard to the realization at the mines for sales in the market generally. This subject was specifically reviewed by a Provincial Royal Commission under the chairmanship of Sir Andrew Rae Duncan in 1926. That it should again arise in the course of our scrutiny of the Nova Scotia industry suggests the desirability of a review of the subject, commencing with the creation of a steel industry at Sydney.

At about the turn of the century the Dominion Iron and Steel Company Limited, established a steel plant at Sydney, using iron ore mined in Newfoundland and contemplating the availability of coking coal from this company at a favourable price. At that time, in particular, the advantageous marketing of slack sizes of coal presented a problem, and the two operations appeared to be complementary to one another. With the establishment of the steel plant in 1899, a contract was entered into between this company and the Dominion Iron and Steel Company Limited, under the terms of which the Steel Company agreed to obtain all coal supplies from the Coal Company, the price to be \$1.24 per long ton. The agreement was varied slightly in October, 1903, and this price continued for a further period of six years. After the year 1909 either party was free to seek a readjustment of price and, failing mutual agreement, such



price was to be ascertained by arbitration. From time to time price adjustments were made by mutual agreement, the arbitration provisions of the contract never having been resorted to, so that by 1925 the following prices prevailed:

Slack.....	\$3.50 per long ton, or \$3.13 per short ton
Run-of-mine.....	\$4.28 per long ton, or \$3.82 per short ton

In 1926, in a jeopardy action taken on behalf of the shareholders of Dominion Iron and Steel Company Limited, the National Trust Company was appointed receiver and manager of the properties of that company and became concerned about the price for coal purchased by it from the Coal Company. The National Trust Company retained the services of two engineers, Messrs. R. V. Norris and Samuel A. Taylor, to enquire into the subject on their behalf, and these engineers collaborated with experts retained by the Coal Company, Col. R. H. Montgomery, of New York, and Cadwallader Evans, of Scranton, Pa. The receiver's experts submitted a full report on the subject and made this specific recommendation—"taking everything into consideration, we believe that the Steel Company should not pay more for this coal than it would net at present if sold on the Montreal market, and the Coal Company should not be asked to sell it for less." For the year 1926 they specifically recommended the following prices:

Screened and run-of-mine.....	\$4.28 per long ton
Slack.....	\$3.50 per long ton

The recommendation was accepted by both parties, and in 1927 approved by an order of the Supreme Court of Nova Scotia in the receivership proceedings. It is assumed that from 1926 forwards until the receiver was discharged this formula was followed. This Commission has no specific information as to the prices prevailing between 1926 and 1930.

There are two important factors bearing on the fair price of coal transferred to the Steel plant. Most coal in Nova Scotia contains a high percentage of sulphur—in excess of 2 per cent—whereas in the Pittsburgh area the manufacturers of metallurgical coke (even under conditions prevailing during World War II) would not entertain the use of a coking coal that contained more than 1.25 per cent sulphur. The presence of a large amount of sulphur in metallurgical coke increases the cost of the steel operation, and yet the Steel Company was obliged to compete in the general market with domestic and foreign manufacturers using a better coal. The Steel Company is also a very large customer, using in 1944 approximately 1,200,000 tons—representing about one-third of the total output of the Coal Company—and has on that ground alone the right to expect some price consideration.

At one time the Steel plant as an outlet for slack was considered an important factor, but changed methods of combustion with an extensive use of pulverized fuel have increased the value of slack coal. Taking all factors into consideration, it would appear that the Steel plant is entitled to receive coal used for metallurgical purposes on somewhat more favourable terms than what is realized on public sales.

In the course of our scrutiny of this subject we were informed by the Coal Company that the Norris-Taylor formula was followed from the end of the receivership until 1932, that the Steel Company was given the advantage of special depressed prices up to 1935, and that from about 1935 forwards the Norris-Taylor formula was again resumed—subject to the minor modification that the price would be based upon the average to large customers in the Montreal market, on the ground that it was thought fair to exclude higher prices resulting from small quantity sales. In this connection, the Dominion Coal Company made a submission at our hearings. We here quote part of a memorandum filed by them, which is relevant to this subject—"In the years 1933, 1934, 1935

and 1936 when business was greatly depressed, the Steel Company endeavoured to (and did) obtain considerable export business. To obtain this business it was necessary for the Steel Company to reduce the selling price of its product considerably below the domestic price. An increased production of the Steel Company meant increased coal consumption, and the directors of the Dominion Coal Company agreed to reduce the price of coal supplied and used in the production of steel for export in the amount of forty-five cents per gross ton in the years 1933 to 1936 inclusive, and in the years 1939 and 1940 in the amount of fifty cents per gross ton."

"Effective October 1, 1941, prices were increased by twenty-five cents per gross ton under authority of the Coal Administrator to cover cost of living bonus. On January 1, 1944, prices were increased by \$1.06 per gross ton under authority of the Coal Administrator, to cover wages paid to the Dominion Coal Company employees."

The following is a table of sales (long tons) to the Steel Division for the period 1930-1944, with comparative Montreal prices indicated.

Year	Per-cent of Total Sales	Tonnage Sold to Steel Company		Net Price at Mine Charged to Steel Division			Average Montreal Market as Submitted	
		Round	Slack	Round	Slack	Over-all Average	Round	Slack
				\$	\$	\$	\$	\$
1930.....	19.6	167,052	498,719			3.698		
1931.....	12.3	81,739	235,221			3.661		
1932.....	6.5	57,506	77,646			3.853		
1933.....	12.4	54,679	263,053			3.321		
1934.....	15.0	121,651	386,568			3.256		
1935.....	18.0	106,446	497,854			3.272	4.23	3.58
1936.....	18.2	116,764	565,297	3.634	3.134	3.22	4.24	3.60
1937.....	18.5	141,490	622,988	4.05	3.54	3.637	4.42	3.65
1938.....	18.3	108,859	504,192	4.25	3.75	3.839	4.42	3.71
1939.....	16.4	116,208	536,388	4.00	3.30	3.977	4.35	3.71
1940.....	21.4	164,655	814,134	4.04	3.544	3.629	4.48	3.72
1941.....	23.7	191,255	757,665	4.381	3.845	3.953	4.394	3.85
1942.....	27.0	214,072	852,301	4.636	4.096	4.204	Comparative market	
1943.....	25.0	170,907	634,564	4.643	4.103	4.218	not available	
1944.....	*34.8	206,182	860,620	5.564	5.022	5.127		

\* In 1944 the Steel Company paid an additional 13.9 cents per ton for round coal and 14.1 cents per ton for slack in connection with wage adjustments, which amounts are not included in the sales figures quoted above.

It is, obvious from a study of the above table that from 1930 to 1940 the price of coal sold to the Steel Company was governed by the factors recited in the memorandum and was not based on the formula of Norris and Taylor that the price on the Montreal market should govern. In the year 1941 the formula was resumed and the prices to the Steel Company were so adjusted. The Montreal market, so far as the Coal Company was concerned, ceased to exist about 1942 by reason of war conditions, but the 1941 price (with such price increases as were authorized by the Coal Administrator) continued—and we think properly—to be the measuring stick for sales to the Steel Company. We did not make calculations to show what increased revenue would have accrued to the Coal Company had the Norris-Taylor formula been in operation during the period 1930-1940, as a realistic view of the conditions existing suggests that some variation of this arrangement was necessary.

Summing up this whole subject, it seems manifest that, taking into consideration all the factors that should be weighed, a formula should be arrived at by the interested parties governing the transfer of coal to the Steel Division so that there can be no doubt about the price being one which is fair to both parties. Having regard to the interlocking character of the companies and the

different groups of security holders and employees, this Commission is of the opinion that special measures to ensure that end should be adopted in determining the price of coal transferred to the Steel Division. In 1926 the formula enunciated by the engineers appeared acceptable to all parties, and it is our view that at this time (fully appraising all factors that now prevail) a satisfactory formula could be established.

#### *Sales—Seaboard Power Corporation*

During the year 1944 sales of 65,538 tons of slack (16,750 tons) and miscellaneous (48,888 tons splint) were made to the above associated company, resulting in a loss (when sales and cost price are compared) of \$85,813.43.

In view of the quality of the coal involved, which was not suitable for other purposes, we do not question the prices involved. The matter is only mentioned as it was discussed in the evidence before the Commission.

#### *United States Coal*

During recent years the Company has sold a considerable quantity of coal purchased by them from the United States. The tonnage reached a high figure of 1,964,136 short tons in the year 1944, which approximates the tonnage of Dominion coal sold in the same market prior to the war. It would appear that this condition was due to a declining production in the Nova Scotia mines and also an increased demand for Scotia coal from the steel industry. The net profit realized by the Company on United States coal for 1944 before charging any proportion of administration or selling expense was \$438,731.09, or 22.3 cents per ton.

#### *Mining Costs*

A significant comparison as to trends in respect of these costs can be obtained from the undernoted tabulation which, using representative years, shows the following costs in short tons:

	1930	1935	1939	1944
Tonnage Produced.....	3,852,368	3,639,392	4,498,306	3,361,044
	\$	\$	\$	\$
Labour—				
Surface.....	0.235	0.211	0.210	0.539
Underground.....	0.869	0.848	0.846	2.101
Mining.....	0.969	0.852	0.948	1.502
Total Labour.....	2.073	1.911	2.004	4.142
	\$	\$	\$	\$
Material.....	0.442	0.428	0.360	0.744
Power.....	0.281	0.206	0.183	0.322
Renewals and Betterments.....	0.089	0.048	0.103	0.086
General Charges—				
Sundry.....	0.471	0.401	0.436	0.701
Employees' Benefits.....	0.069	0.087	0.118	0.368
Banking, Filling and Screening.....	0.043	0.071	0.030	0.005
Depreciation.....	0.181	0.161	0.092	0.137
Total Cost (not including depletion).....	3.649	3.313	3.326	6.505

In considering the above costs, which are as shown by the books of the Company, it should be noted that because of the treatment given by the Company to the amounts received from the Government for cost-of-living bonus

and the levelling of wages (which sums are credited to sundry revenues) the foregoing costs for the year 1944 would be reduced by approximately 4 cents per ton.

A very important factor in the determination of mining costs is the per-man-day production, and the following tabulation for the production in the representative years is of interest.

	1930	1935	1939	1944
	Tons per man-day	Tons per man-day	Tons per man-day	Tons per man-day
Surface labour.....	16.86	17.43	19.42	11.12
Underground labour.....	5.08	4.86	5.34	3.01
Mining labour.....	7.11	7.32	7.57	5.99
Total labour—tons per man-day.....	2.52	2.50	2.70	1.70
Percentage of labour cost to total cost.....	56.8	57.7	60.2	63.6

From the foregoing production statements it will be seen that the cost of producing coal usually goes up when the per man-day production comes down, as it will be observed from the cost statement above that the labour costs increased from \$2.073 per ton in 1930 to \$4.142 in 1944, or almost 100 per cent, while the per man-day production decreased from 2.52 tons to 1.70 tons.

Included in the mining costs under the classification of "General Charges" during the 15-year period are the following amounts which might be regarded as additional benefits to the employees, but which were not included in the labour costs in the statements submitted.

Loss on coal sold to employees when comparison is made of the sale price with the mining costs as established by the Company.....	\$ 963,656.13
Workmen's Compensation.....	4,890,561.07
Relief Associations.....	410,585.50
Unemployment Insurance.....	316,772.47
Loss on employees' houses, including rentals written off.....	279,817.26
Rent and coal to dependents of enlisted men.....	186,552.57
Vacation pay.....	280,654.68
Rent balances written off in accordance with McTague Award (charged to reserve for bad debts).....	107,390.59

### Production

The following production figures for the Dominion Company are of interest when considering the importance of the operations of this Company to the economic welfare of the Province.

Total from 1930 to 1935.....	19,572,185
Yearly average.....	3,262,012
Total from 1936 to 1939.....	17,205,684
Yearly average.....	4,301,422
Total from 1940 to 1944.....	20,427,136
Yearly average.....	4,085,424
Grand Total—1930 to 1944.....	57,205,005
Yearly average.....	3,813,667
Year of highest production—1940.....	4,913,522
Year of lowest production—1932.....	2,271,008

The total realization of Dominion Coal Company Limited, was approximately \$291,000,000 over the 15-year period, which represents a considerable part of the economy of Nova Scotia.

## SYDNEY AND LOUISBURG RAILWAY

The capital stock of this Company consists of 368 shares of \$100 each, or a total of \$36,800, all of which is owned by the Dominion Coal Company Limited. The assets represented by the shares issued is the land which is valued at an equal amount, and this is the only capital asset carried on the books of the Railway Company. Included in the properties of the Dominion Coal Company at December 31, 1944, is the amount of \$4,625,361.70, representing the capital value of the assets (other than land) of the railway. This value has been depreciated to a net figure of \$1,417,725.99 as at the above date.

The Dominion Coal acquired these properties through the original agreement with Mr. H. M. Whitney, which stated that any properties subsequently acquired by him after the negotiation of the original contract would be turned over to the Dominion Company at his cost.

The Company operates, on lease, railway properties of the Dominion Company, and the line extends from connections with the C.N.R. at Sydney to Louisburg on Cape Breton Island.

While the railroad has some revenue other than that derived from associated companies, over 90 per cent of the freight revenue is derived from Dosco products and, therefore, its operations should be considered as part of the operations of the Dominion Company and its results.

After crediting the Dominion Coal Company with an annual amount of \$105,000 for investment interest, the undernoted is the final operating result which is incorporated in the books of the Dominion Company:

1937.....	\$ 32,813.14 profit	1941.....	\$195,261.27 loss
1938.....	99,621.06 loss	1942.....	408,217.05 loss
1939.....	140,742.66 profit	1943.....	467,198.44 loss
1940.....	107,963.84 profit	1944.....	615,125.64 loss

In accordance with an agreement between the Dominion Company and the Sydney Steel plant of Dosco, the Sydney and Louisburg Railway carried freight for the Steel plant at a fixed rate of 25 cents per ton. The difference between this figure and the tariff rate is borne by the Dominion Company and is included in the expenses of that Company. During the period under review for the 15 years 1930-1944 inclusive, the amount involved was \$213,511.72.

## DOMINION ROLLING STOCK COMPANY LIMITED

This Company was incorporated in 1934 in order to facilitate the financing of purchases of rolling stock—mainly steel hopper cars, which are leased to the Sydney and Louisburg Railway through the Dominion Coal Company. The Rolling Stock Company issues equipment bonds to the public, giving as collateral the security of the asset and the guarantee of the Dominion Coal Company. When the equipment bonds are fully paid, title to the cars passes to the Dominion Coal Company.

In addition to the equipment bonds, common shares to the amount of \$75,040 are issued and outstanding, all of which are owned by the Dominion Coal Company Limited.

The annual operating statement of this Company shows a nil balance, as the revenue received by it by way of car rentals is exactly offset by depreciation and interest charges.

## SUMMARY

## DOMINION COAL COMPANY LIMITED, SYDNEY, N.S.

Incorporated 1893

Capital					
Authorized—Common	.....				\$ 12,000,000
Preferred	.....				10,000,000
					<u>22,000,000</u>
Issued— Common	.....				\$ 12,000,000
Preferred	.....				6,000,000
					<u>18,000,000</u>
Consideration for issue of					
Capital—Cash	.....				\$ 1,500,000
Properties	.....				13,500,000
Sundry	.....				3,000,000
					<u>18,000,000</u>
		1930		1944	
Properties—Net Valuation	.....	\$ 25,882,613		\$ 22,050,502	
Net Current Position	.....	1,296,489		4,411,944	
Surplus	.....	1,069,502		1,531,403	
Earnings Record					
Profits—15 years					
(a) Before Income Tax	.....				\$ 3,829,648 (See Remarks)
(b) After Income Tax	.....				2,551,133
Annual Profit or Loss					
		1930	1935	1939	1944
(a) Before Income Tax	.....	\$ 312,483	\$ 489,304	\$ 740,644	\$ 580,337
(b) After Income Tax	.....	312,483	489,304	540,644	487,837
Dividend Record					
Total Dividends Paid—15 years	.....				\$ 2,773,969
Rate on Capital—6 per cent on Preferred, January 1, 1935, to September, 1942. (In July of 1946 the sum of \$482,397.75 was paid, being 6 per cent preferred dividend, October, 1942 to December, 1943, and quarter ended June 31, 1946. In arrears for years 1944, 1945 and first quarter of 1946 at present.) There have not been any dividends paid on the Common Shares.					
Depreciation and Depletion					
Total Depreciation (15 years) charged to Operations	.....				\$ 9,112,109 (See Remarks)
Total Depletion (15 years) charged to Operations	.....				— (See Remarks)
Assistance—Emergency Coal Production Board					
Included in Accounts to 1944					
(a) Production Subsidies	.....				\$ 10,076,436
(b) Wage Equalization	.....				240,311
					<u>10,316,747</u>
Total Paid to March 31, 1946					
(a) Production Subsidies, including Cumberland Coal Company	.....				\$ 15,204,506
(b) Wage Equalization	.....				240,311
					<u>15,444,817</u>
Production Record					
Total Tonnage—15 years	.....				57,205,005 tons
		1930	1935	1939	1944
Annual Production (tons)	.....	3,852,368	3,639,392	4,498,306	3,361,044
Per Man-Day Production (tons)	.....	2.52	2.50	2.70	1.70
Sales Realization per ton—					
Gross	.....	\$ 4.77	\$ 4.61	\$ 4.92	\$ 5.98
Net at Mine	.....	3.62	3.43	3.62	5.08
Total Cost—per ton	.....	3.65	3.31	3.32	6.50

REMARKS:—Profits before income taxes as shown above are after charging reserves. A transfer of \$400,000 was made in 1937 from an operating reserve to income tax reserve.

Depletion as such is not included in the accounts, although in the property ledger part of the above depreciation is regarded as a provision for the write-off of the valuation placed upon coal areas.

## CUMBERLAND RAILWAY AND COAL COMPANY

The capital stock of this Company, consisting of 20,000 shares of \$100 each or a par value of \$2,000,000, was purchased by the Dominion Steel Corporation as at November 1, 1910. The Cumberland Company as at that date had outstanding \$979,000 in principal of 6 per cent first mortgage bonds.

Dominion Steel acquired the capital stock of \$2,000,000 previously mentioned by issuing in exchange \$600,000 par value of its common stock, together with a cash bonus of \$12,000. In other words, the Cumberland shareholders received three shares of Dominion Steel Corporation for each ten shares of the old Cumberland Company, together with a cash payment of \$6 per share.

The bondholders received \$1,200 of new 5 per cent mortgage bonds for each \$1,000 of the old 6 per cent bonds. A total of \$2,000,000 in new bonds was issued out of an authorization of \$3,000,000 for the following consideration:

To redeem outstanding 6 per cent bonds—\$1,200 for each \$1,000 old bond.....	\$1,174,800
To be issued to Dominion Coal Company Limited for additions and extensions to property.....	825,200
	<u>\$2,000,000</u>

The bonds were guaranteed both as to principal and interest by the Dominion Steel Corporation. Bonds issued to the Dominion Coal Company in consideration of capital expenditures were priced at 90.

The balance of the amount authorized, amounting to \$1,000,000, was issued during the period 1912 to 1922 to reimburse the Coal Company for further amounts spent in additions and extensions to the properties of the Cumberland Company, as mentioned in the agreement dealt with hereunder. All of the above bonds which had a sinking fund provision were retired in full by October 1, 1940. The necessary funds for the redemption of these bonds were supplied by the Dominion Coal Company which, for a consideration of \$1,000,000, purchased the common shares of Cumberland in August, 1937, and these are still owned by that Company.

By an agreement of 1911, the property was leased to the Dominion Coal Company on the basis of a rental provision, made up of a fixed minimum of \$30,000 per year plus half of the annual net earnings. The Dominion Company was also obligated to provide funds for the improvement of the property to be reimbursed by the issue of bonds of the Cumberland Company at 90.

At the end of 1944 Cumberland operated three mines—viz., Nos. 1, 2 and 4 at Springhill, Cumberland County, Nova Scotia—and also owned a railway which connects with the C.N.R. at Springhill Junction and extends to Parrsboro, Nova Scotia.

From the date of purchase in 1937, the assets of the Cumberland Company are included in the consolidated balance sheet of the Dominion Coal Company Limited and subsidiaries, which have been already dealt with in this chapter.

On the facing page is a summary of the operations, which shows that:

For the years 1930-1935 the Cumberland Company made a total net profit, before depletion, of.....	\$ 616,064.82
The above profit is after making the following provisions:—	
Annual rental of \$30,000 per year to Dominion Steel Corporation.....	180,000.00
Proportion of earnings to Dominion Steel Corporation (one-half after sinking fund provisions).....	436,064.83
Sinking fund on first mortgage bonds.....	180,000.00
Making a total profit before the foregoing charges of.....	<u>\$ 1,412,129.65</u>

No depreciation as such is included in the above tabulation, but the figures shown are after bond interest and discount of \$773,867.33, as provided by the agreement.

CUMBERLAND RAILWAY AND COAL COMPANY, SYDNEY, NOVA SCOTIA

SUMMARY OF OPERATING RESULTS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
Tonnage Sold.....		Tons 3,102,916			Tons 2,319,340			Tons 3,363,040			Tons 8,785,296	
Realization.....		\$ 14,374,122.33	\$ 4.632		\$ 10,908,384.65	\$ 4.703		\$ 18,509,339.62	\$ 5.504		\$ 43,791,846.60	\$ 4.985
Less Agency and Shipping Expenses.....		1,184,538.35	0.382		1,515,406.12	0.653		1,902,154.68	0.566		4,602,099.15	0.524
		13,189,583.98	4.250		9,392,978.53	4.050		16,607,184.94	4.938		39,189,747.45	4.461
<i>Deduct Costs</i>												
Labour.....	56.219	6,487,579.44	2.090	58.989	5,478,480.52	2.362	60.652	10,880,174.79	3.235	58.888	22,846,234.75	2.601
Material.....	11.044	1,274,518.30	0.411	10.974	1,019,202.95	0.439	9.531	1,709,739.78	0.508	10.319	4,003,461.03	0.456
Power.....	13.393	1,545,556.27	0.498	10.657	989,729.00	0.427	7.682	1,378,062.31	0.401	10.087	3,913,347.58	0.445
Taxes and Rentals.....	2.479	286,098.31	0.092	2.385	221,457.82	0.095	2.067	370,892.89	0.110	2.264	878,449.02	0.100
Royalties.....	2.654	306,283.50	0.099	2.487	230,936.05	0.100	1.893	339,610.03	0.101	2.260	876,829.58	0.100
Workmen's Compensation												
Board.....	1.582	182,581.11	0.059	2.586	240,172.57	0.104	2.632	472,246.54	0.140	2.307	895,000.22	0.102
Other Mining Costs.....	8.540	985,568.45	0.318	6.709	623,127.12	0.269	6.043	1,083,988.17	0.322	6.941	2,692,683.74	0.306
Administration and Overhead.....	4.089	473,367.00	0.152	4.245	422,569.09	0.182	5.760	1,033,327.05	0.307	4.973	1,929,263.14	0.220
Depreciation.....	100.000	11,541,552.38	3.719	99.032	9,225,675.12	3.978	96.260	17,268,041.56	5.133	98.039	38,035,269.06	4.330
				0.968	90,000.00	0.038	3.740	670,788.26	0.199	1.961	670,788.26	0.087
Total Cost.....	100.000	11,541,552.38	3.719	100.000	9,315,675.12	4.016	100.000	17,938,829.82	5.332	100.000	38,769,057.32	4.417
Profit or Loss on Operations.....		1,648,031.60	0.531		77,303.41	0.034		1,831,644.88	0.594		393,690.13	0.044
Add Sundry Revenue.....		357,965.38	0.115		136,711.40	0.059		440,450.41	0.131		935,127.19	0.106
Subsidies.....								1,112,303.43	0.331		1,112,303.43	0.127
Deduct Bond Interest and Sinking Fund, etc.....		2,005,996.98	0.646		214,014.81	0.093		221,108.96	0.068		2,441,120.75	0.277
Rental to Parent Company.....		953,867.33	0.307		472,318.08	0.204		80,550.00	0.024		1,506,735.41	0.171
		436,064.83	0.141		36,993.23	0.016					399,071.60	0.045
Profit or Loss.....		616,064.82	0.198		221,310.04	0.095		140,558.96	0.044		535,313.74	0.061
If Depletion, at ten cents per ton were entered, a further charge would be necessary of.....		310,291.60	0.100		231,934.00	0.100		336,304.00	0.100		878,629.60	0.100
Making the Net Profit or Loss.....		305,773.22	0.098		453,244.04	0.195		195,745.04	0.056		343,215.86	0.039



From 1936 to 1939 the Company showed losses which totalled \$221,310.04. As the Dominion Coal purchased the Cumberland Company in 1937, the payment of the portion of earnings to Dominion Steel ceased in 1936. The above mentioned loss is after making provision for bond interest of \$442,318.08 and \$240,000.00 for rentals, sinking fund and depreciation.

An analysis of the years 1940 to 1944 is as follows:

	Profit (or Loss) before Charges	Rentals	Depreciation	Profit (or Loss) before Subsidy	Subsidy Finalized	Profit (or Loss) after Subsidy
	\$	\$	\$	\$	\$	\$
1940.....	225,707.05	101,603.52	22,500.00	101,603.53		101,603.53
1941.....	61,742.23	30,871.12		30,871.11		30,871.11
1942.....	180,522.82	90,261.41	213,264.48	123,003.07		123,003.07
1943.....	3,519.64		215,051.86	211,532.22	312,436.24	100,904.02
1944.....	549,711.90		219,971.92	769,683.82	799,867.19	30,183.37
	78,220.16	222,736.05	670,788.26	971,744.47	1,112,303.43	140,558.96

The above rentals (\$222,736.05) were paid to Dominion Coal Company for the years 1940 to 1942, and are included in Mining Costs, under the caption of 'Taxes and Rentals'.

Subsidies claimed by the Cumberland Company, together with their final settlement, have been referred to when dealing with the claims of the Dominion Company.

### Sales

Approximately 90 per cent of the coal sold is to the public, including railway and commercial sales, with the remaining 10 per cent being used by the Company for operating or for sales to employees. Using representative years, the under-noted is a tabulation showing an analysis of the sales to the public and the prices received.

	1930		1935		1939		1944	
	Tons	Per cent	Tons	Per cent	Tons	Per cent	Tons	Per cent
<b>Tonnage—</b>								
Run of Mine.....	424,313	75	255,603	57	311,175	56	301,689	56
Slack.....	138,260	25	191,968	43	241,702	44	231,104	44
Total.....	562,573	100	447,571	100	552,877	100	532,793	100
	\$		\$		\$		\$	
<b>Average Price—All Grades</b>	4.60		4.13		4.22		6.04	
<b>Run-of-Mine—</b>								
High.....	6.12		5.58		5.54		7.08	
Low.....	4.32		4.35		3.34		5.96	
Average.....					4.60		6.41	
<b>Slack—</b>								
High.....	4.22		3.91		4.06		5.76	
Low.....	2.53		3.04		3.29		4.76	
Average.....					3.68		5.51	

*Mining Costs*

Using the same representative years as in the case of the sales, the under-noted is a summary of the costs involved in producing the coal.

	1930	1935	1939	1944
Tonnage produced.....	634,475	507,242	613,182	595,447
	\$	\$	\$	\$
Labour—				
Surface.....	0.376	0.350	0.308	0.627
Underground.....	1.036	0.768	0.952	2.337
Mining.....	0.985	1.052	1.131	1.570
Total Labour.....	2.397	2.170	2.391	4.534
Material.....	0.392	0.427	0.391	0.666
Power.....	0.442	0.473	0.403	0.482
Renewals and Betterments.....	0.134	0.134	0.134	0.085
General Charges—				
Sundry.....	0.392	0.398	0.427	0.496
Employees' Benefits.....	0.092	0.118	0.153	0.438
Banking and Filling.....		0.019	0.003	
Depreciation.....	*0.350	*0.350	0.341	0.352
Total Cost.....	4.199	4.089	4.243	7.053

\* Arbitrary amount, as no depreciation as such entered in accounts.

During the year 1944 the Company received from the Dominion Government a refund of the cost-of-living bonus and the levelling of wages, which amounts were credited to sundry revenue and not to the decreasing of the mining costs. The effect of the receipt of this money would be to reduce the mining costs for the year 1944 by approximately 4 cents per ton.

Included in the mining costs noted above are royalties payable to the Provincial Government, which amounted during the 15-year period to \$876,829.58 based on 12½ cents per long ton.

*Production*

The production in tons per man-day for the same representative years is tabulated hereunder, showing the different output by labour classifications.

	1930	1935	1939	1944
	Tons	Tons	Tons	Tons
Surface Labour.....	10.0	10.4	13.0	9.9
Underground Labour.....	3.8	4.9	4.4	2.6
Mining Labour.....	5.8	4.4	5.0	5.7
Total Labour.....	1.9	1.9	2.0	1.5
	Per cent	Per cent	Per cent	Per cent
Percentage of Labour Cost to Total Cost.....	57	53	56	64

The undernoted are the production figures for this Company during the whole period:

	Tons
Total from 1930 to 1935.....	3,097,161
Yearly average.....	516,193
Total from 1936 to 1939.....	2,318,955
Yearly average.....	579,738
Total from 1940 to 1944.....	3,362,550
Yearly average.....	672,508
Grand total.....	8,778,666
Yearly average.....	585,244
Year of highest production—1941.....	735,312
Year of lowest production—1933.....	434,456

The sales of coal realized the sum of \$43,791,846.60 over the 15-year period.

### SUMMARY

#### CUMBERLAND RAILWAY AND COAL COMPANY, CUMBERLAND COUNTY, N.S.

Incorporated 1883

#### Capital

Authorized—Common.....	\$ 2,000,000	
Issued—Common.....	\$ 2,000,000	
Consideration for issue of Capital—Cash.....	\$ 1,000,000	(See Remarks)

	1930	1944
Properties—Net Valuation.....	Included in Dosco	Included in Dominion
Net Current Position.....	Included in Dominion	“
Surplus or <i>Deficit</i> .....	“	“

#### Earnings Record

Profits—15 years	
(a) Before Income Tax.....	\$ 535,314
(b) After Income Tax.....	Consolidated with Dominion

Annual Profit or Loss	1930	1935	1939	1944
(a) Before Income Tax.....	\$ 163,059	\$ 13,789	\$ 6,278	\$ 30,183

#### Dividend Record

Total Dividends Paid—15 years.....	\$ Nil
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#### Depreciation and Depletion

Total Depreciation (15 years) charged to Operations.....	\$ 760,788	(See Remarks)
Total Depletion (15 years) charged to Operations.....	Nil	

#### Assistance—Emergency Coal Production Board

Included in Accounts to 1944	
(a) Production Subsidies.....	\$ 1,112,303

Total Paid to March 31, 1946	
(a) Production Subsidies.....	\$ See Dominion Coal

#### Production Record

Total Tonnage—15 years.....	8,778,666 tons
-----------------------------	----------------

Production Record— <i>Concluded</i>	1930	1935	1939	1944
Annual Production (tons).....	634,475	507,242	613,182	595,447
Per Man-Day Production (tons)...	1.9	1.9	2.0	1.5
Sales Realization—				
Per ton.....	\$ 4.60	\$ 4.13	\$ 4.22	\$ 6.04
Total Cost—per ton.....	4.20	4.09	4.24	7.05

REMARKS.—The consideration of \$1,000,000 shown for the issue of the common shares represents the cash paid in 1937 by Dominion Coal to Dominion Steel and Coal Company. In 1910 the Steel Company paid \$12,000 in cash together with the issue of \$600,000 par value in common shares for Cumberland.

Full depreciation, as such, is included in the accounts only for the last three years. Prior to that time depreciation was charged at the rate of \$30,000 per year and a like amount was paid as rental to the Parent Company.

ACADIA COAL COMPANY LIMITED; PICTOU COUNTY

*History*

Acadia Coal Company Limited, operating at present three collieries in Pictou County, Nova Scotia—namely, Allan, Albion and Acadia No. 7—was incorporated under the Companies Act of Nova Scotia in 1865 with an authorized capital stock of \$6,000,000.

A revision of the outstanding capital was made in 1913 by calling in the issued shares and exchanging therefor the following:

	Authorized	Issued
	\$	\$
First Preferred Six Per Cent Cumulative.....	2,000,000	2,000,000
Second Preferred Six Per Cent Non-Cumulative.....	1,000,000	1,000,000
Common.....	2,000,000	1,846,100
	5,000,000	4,846,100

Control of Acadia was acquired by the Nova Scotia Steel and Coal Company Limited, in 1919, by the purchase of practically the whole of the outstanding shares at the following cost:

20,000 shares First Preferred 6 per cent Cumulative.....	\$2,000,000
9,998 shares Second Preferred 6 per cent Non-Cumulative by the issue of \$55 in Debenture Stock of Nova Scotia for each \$100 par value of Acadia.....	974,735
17,509½ shares of Common (out of 18,461 issued).....	
	<u>\$2,974,735</u>

*Financial Position*

A comparative summary of the financial position of Acadia is given in the under-noted balance sheets as at December 31, 1930, and 1944:

	December 31, 1930	December 31, 1944
	\$	\$
<i>Assets—</i>		
Properties.....	5,428,706	5,302,905
Less reserve for depreciation.....	1,687,481	3,003,071
	3,741,225	2,299,834
Deferred charges.....	103,087	7,084
Net current position, including amounts due or from associated companies..	1,820,726	419,044
Claims.....		123,623
	5,665,038	2,849,585

	December 31, 1930	December 31, 1944
	\$	\$
<i>Liabilities—</i>		
Share capital—		
Preferred—Six Per Cent Cumulative.....	1,900,000	2,000,000
Six Per Cent Non-Cumulative.....	1,000,000	1,000,000
Common.....	1,846,100	1,846,100
	4,746,100	4,846,100
Surplus or <i>Deficit</i> .....	893,520	2,320,261
Reserves.....	25,418	238,746
Four Per Cent Mortgage Bonds.....	.....	85,000
	5,665,038	2,849,585

The Acadia Company has suffered operating losses aggregating some \$1,900,000 over the 15-year period, and an additional loss of \$1,176,564 was charged to surplus representing amounts due from the Nova Scotia Company. The items making up the foregoing total are:

Coal supplied to Scotia for Trenton Steel <i>less</i> contra accounts for steel purchases by Acadia.....	\$ 896,273.00
Interest charged.....	272,722.00
Cash advances.....	534,416.00
Charge to surplus—1933.....	\$ 1,703,411.00
Cash payment to Acadia under plan of reorganization by Scotia in 1938.....	526,847.00
Net loss to Acadia.....	<u>\$ 1,176,564.00</u>

The Acadia Company has paid dividends to the parent company on the 6 per cent cumulative preferred stock for the years 1930 and 1931 only of \$228,000.

#### *Properties*

The net value of depreciable assets at the end of 1944 was \$31,925, all the remaining tangible properties of some \$2,500,000 being fully provided for through depreciation charges. The balance of the property account is represented by the value placed upon the coal lands, which at December 31, 1944, stood at a net figure of \$2,268,000.

#### *Reserves*

The total of the reserves as at December 31, 1944, amounted to \$238,746, and the amount appears to be reasonable in view of the size of the operations.

It should be pointed out, however, in view of the large deficit of over \$2,000,000, that these reserves, together with part of the provision for depreciation and depletion, have not been earned by the Company.

#### *Government Assistance*

For the years 1942 to 1944 the Emergency Coal Production Board has paid to the Company the sum of \$1,460,537 in respect of production subsidies.

The original claim by the Company was reduced by \$67,253 in the final settlement by the Board. The amount disallowed is practically all represented by an amount for depletion at 10 cents per ton. Unless it can be substantiated that coal areas were purchased for a cash consideration, no depletion charge is allowed by the Board. The above amount of \$67,253 has been eliminated from the statements herewith presented, but the Company has not accepted this settlement as final. Levelling of wages assistance from the Board and affiliated companies is entered in the accounts in the amount of \$655,114.

The Province of Nova Scotia has also come to the aid of Acadia during the depression years with the following refunds or grants:

Royalties refunded.....	\$ 147,336.00
Capital tax refunded.....	22,376.00
Workmen's Compensation Board refunded.....	83,910.00
Wage rate adjustment.....	20,000.00
Total Provincial Government assistance.....	<u>\$ 273,622.00</u>

A recent announcement has been made that this Company plans to reopen the McBean seam at Thornburn, Pictou County, with a fully mechanized operation.

By Order-in-Council P.C. 1188 dated March, 29, 1946, the Cabinet Committee of the Dominion Government on Reconstruction authorized:—"the Minister of Reconstruction and Supply to make available by way of guaranteed bank loan to Acadia Coal Company Limited such sums not exceeding in the aggregate \$730,000 as may be necessary to defray the cost in excess of \$250,000 of the opening and development of the McBean seam upon such terms as to security and otherwise as the said Minister may consider to be advisable, and to guarantee to any Chartered Bank or Banks in Canada the repayment of the amounts so loaned and for such purpose to execute and deliver in the name and on behalf of His Majesty such agreements, instruments of guarantee and other documents as the said Minister may consider to be necessary or expedient for the said purpose".

The Commission is informed that the sum of \$250,000 above referred to is being advanced to the Acadia Company by the parent company, Nova Scotia Steel and Coal Company Limited.

ACADIA COAL COMPANY LIMITED—STELLARTON, NOVA SCOTIA  
SUMMARY OF OPERATING RESULTS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
		Tons			Tons			Tons			Tons	
Tonnage Sold.....		2,307,984			1,753,894			2,228,603			6,290,481	
Realization		\$ 10,615,273.24	\$ 4.599		\$ 7,665,313.85	\$ 4.370		\$ 11,047,127.89	\$ 4.957		\$ 29,327,714.98	\$ 4.662
Less Freight, Agency and Distribution Expense.....		513,599.86	0.223		662,248.12	0.378		517,102.5	0.232		1,692,950.56	0.269
Net Realization.....		10,101,673.38	4.376		7,003,065.73	3.992		10,530,025.31	4.725		27,634,764.42	4.393
<i>Deduct Costs</i>												
Labour.....	56.203	6,373,598.02	2.762	56.921	4,594,105.84	2.619	61.846	7,990,707.10	3.585	58.637	18,958,410.96	3.014
Material.....	9.643	1,093,553.63	0.474	9.906	799,496.77	0.456	9.834	1,270,595.27	0.570	9.785	3,163,645.67	0.503
Power.....	9.591	1,087,636.72	0.471	10.552	851,652.63	0.486	8.393	1,084,411.21	0.486	9.352	3,023,700.56	0.481
Taxes and Rentals.....	1.251	141,889.14	0.061	1.179	95,160.10	0.054	0.655	84,635.41	0.037	0.995	321,684.65	0.051
Royalties.....	1.924	218,187.84	0.095	1.999	161,303.88	0.092	1.631	210,736.11	0.095	1.826	590,227.83	0.094
Workmen's Compensation Board.....	1.781	202,030.00	0.088	2.575	207,857.51	0.119	3.084	398,461.00	0.179	2.500	808,348.51	0.129
Other Mining Costs.....	8.762	993,647.05	0.431	7.683	620,076.17	0.354	8.449	1,091,638.90	0.490	8.368	2,705,362.12	0.430
Administration and Overhead.....	4.191	475,328.52	0.206	3.238	261,324.65	0.149	3.408	440,279.03	0.198	3.640	1,176,932.20	0.187
Depreciation and Depletion.....	93.346	10,585,870.92	4.588	94.053	7,590,977.55	4.329	97.300	12,571,464.03	5.640	95.103	30,748,312.50	4.889
	6.654	754,648.58	0.326	5.947	480,000.00	0.273	2.700	348,795.69	0.157	4.897	1,583,444.27	0.251
Total Costs.....	100.000	11,340,519.50	4.914	100.000	8,070,977.55	4.602	100.000	12,920,259.72	5.797	100.000	32,331,756.77	5.140
Loss on Operations.....		1,238,846.12	0.538		1,067,911.82	0.610		2,390,234.41	1.072		4,696,992.35	0.747
Less Sundry Revenue.....		353,188.58	0.153		5,877.58	0.003		59,187.67	0.027		406,498.67	0.065
Subsidies.....								1,460,536.83	0.655		1,460,536.83	0.232
Levelling Up Wages.....								655,114.23	0.294		655,114.23	0.104
Provincial Government Assistance.....		76,352.51	0.033		197,269.98	0.112					273,622.49	0.043
		429,541.09	0.186		191,392.40	0.109		2,174,838.73	0.976		2,795,772.22	0.444
Net Loss.....		809,305.03	0.352		876,519.42	0.501		215,395.68	0.096		1,901,220.13	0.303

*Operating Results*

On the facing page a summary of the operations over the 15-year period is shown. The total loss over the period is \$1,901,220, or approximately 30 cents per ton.

The Company has been able to finance because of the fact that before the above loss is arrived at depreciation (a non-cash item) of \$1,583,444, or 25 cents per ton, has been charged. Together with this fact, it will be noted from the balance sheet analysis that reserves (an additional non-cash item) have increased by some \$213,000 and that the current position has declined in the period.

Before government assistance, but including depreciation and depletion of 25 cents per ton, the Company has lost 68 cents per ton in the 15 years under review. This loss increases progressively from 38 cents in the 1930-1935 period to 61 cents in the period 1936-1939, and to \$1.05 in the war years.

An analysis has been made of items which may be deemed to be of a capital nature which were charged to operations over the period. By eliminating these items and substituting depreciation charges, the resulting adjustment would have the following effect on the profit and loss account for the designated years:

	Result as shown	Adjustment		Final Result
		Amount	Per Ton	
	\$	\$	\$	\$
1941.....	62,470.96	28,740.96	0.054	33,730.00
1942.....	5,000.00	55,132.85	0.127	60,132.85
1943.....	28,618.06	2,309.70	0.006	30,927.76
1944.....	28,635.30	20,366.09	0.058	49,001.39

Using the period 1936-1939 as a base of 100, the comparison with prior (1930-1935) and the subsequent (1940-1944) periods for sales realization and cost is:

	Sales	Costs
1930-1935.....	109.6	106.8
1936-1939.....	100.0	100.0
1940-1944.....	118.3	126.6

*Sales*

A comparison of the distribution of coal produced during the representative years is as follows:

Year	Public Sales	Sales to Associated Companies	Company Consumption and Employees
	Per cent	Per cent	Per cent
1930.....	81.5	8.1	10.4
1935.....	72.6	5.8	21.6
1939.....	71.2	6.8	22.0
1944.....	60.3	17.0	22.7



Using the representative years, the undernoted is a summary of the tonnage and prices received at the mine for public sales (short tons):

	1930		1935		1939		1944	
	Tons	Per cent	Tons	Per cent	Tons	Per cent	Tons	Per cent
<b>Tonnage—</b>								
Run-of-mine.....	382,484	94	257,352	90	266,612	81.5	191,399	90
Slack.....	23,414	6	29,145	10	60,152	18.5	21,793	10
<b>Total.....</b>	<b>405,898</b>	<b>100</b>	<b>286,497</b>	<b>100</b>	<b>326,764</b>	<b>100</b>	<b>213,192</b>	<b>100</b>
<b>Percentage to total sales...</b>	<b>Per cent</b>	<b>81.5</b>	<b>Per cent</b>	<b>72.6</b>	<b>Per cent</b>	<b>71.2</b>	<b>Per cent</b>	<b>60.3</b>
<b>Price—</b>	<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	
Run-of-mine.....							6.59	
Slack.....							5.28	
<b>Average.....</b>	<b>4.91</b>		<b>4.25</b>		<b>4.20</b>		<b>6.45</b>	
<b>Run-of-mine.....</b>	<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	
Highest price.....	6.13		5.05		5.23		7.08	
Lowest price.....	3.71		3.83		3.79		6.11	
<b>Slack—</b>								
Highest price.....	3.72		3.41		3.60		5.37	
Lowest price.....	3.22		3.22		3.47		5.30	

The related sales to associated companies are also given hereunder:

	1930		1935		1939		1944	
	Tons	Per cent	Tons	Per cent	Tons	Per cent	Tons	Per cent
<b>Tonnage—</b>								
Run-of-mine.....	17,413	41	11,115	43	16,155	46	8,296	14
Slack.....	25,365	59	14,606	57	18,779	54	51,612	86
<b>Total.....</b>	<b>42,778</b>	<b>100</b>	<b>25,721</b>	<b>100</b>	<b>34,934</b>	<b>100</b>	<b>59,908</b>	<b>100</b>
<b>Percentage to total sales...</b>	<b>Per cent</b>	<b>8.1</b>	<b>Per cent</b>	<b>5.76</b>	<b>Per cent</b>	<b>6.8</b>	<b>Per cent</b>	<b>17.0</b>
<b>Prices—</b>	<b>\$</b>		<b>\$</b>		<b>\$</b>		<b>\$</b>	
Average.....	4.13		4.11		4.18		5.48	
<b>Run-of-mine—</b>								
Highest price.....	4.41		4.50		4.54		6.30	
Lowest price.....	2.56		3.13		4.06		6.24	
<b>Slack—</b>								
Highest price.....	4.01		4.00		4.00		5.45	
Lowest price.....	3.58		4.00		3.95		5.45	

### Mining Costs

The mining costs of Acadia are very high, the above index showing a rise of 26.6 points for the war years. The outstanding contributing factor appears to be the very low per-man-day production, which in 1944 was 1.15 tons per man day.

The costs per ton for some recent years by collieries (as shown by the cost sheets) is as follows:

	Allan	Albion	Acadia 7	All Collieries
	\$	\$	\$	\$
1936.....	4.806	4.836	3.898	4.691
1939.....	4.276	4.408	3.122	4.130
1942.....	7.215	5.305	4.240	5.620
1944.....	10.298	8.594	8.982	9.243

In the above costs depreciation and depletion are included at 20 cents per long ton, or 18 cents per short ton.

Of the total coal raised, Allan Colliery produces approximately 36 per cent, Albion 52 per cent and Acadia 7 about 12 per cent.

A comparative analysis of the mining costs for selected years is as follows:

	1930	1935	1939	1944
Tonnage produced.....	506,754	392,321	459,013	353,559
Labour—	\$	\$	\$	\$
Surface.....	0.494	0.444	0.400	1.122
Underground.....	1.179	1.191	0.986	3.148
Mining.....	1.231	1.005	1.044	1.759
	2.904	2.640	2.430	6.029
Material.....	0.529	0.498	0.428	0.821
Power.....	0.326	0.511	0.445	0.678
Renewals and betterments.....	0.051	0.089		
General charges—				
Sundry.....	0.604	0.640	0.494	0.903
Employee benefits.....	0.134	0.173	0.153	0.634
	4.548	4.551	3.950	9.065
Depreciation and depletion as per profit and loss account.....	0.237	0.306	0.261	0.094
Total cost.....	4.785	4.857	4.211	9.159

The above per-ton costs of \$9.159 for the year 1944 are as shown by the records of the Company. During this year, however, the Dominion Government reimbursed the operator for certain special costs in respect of:

- (a) Cost of living bonus.
- (b) Levelling of wages.
- (c) Excess of increased wages.

The aggregate of these amounts was equivalent to 88.2 cents per short ton and was recorded by the Company as "sundry revenue". As these amounts are, in fact, reimbursements of special costs, the mining costs for that year should be stated as \$8.277 per short ton.

Because of the adjustments for certain capital expenditures previously referred to, the 1944 per-ton costs should be increased by a further 5.8 cents to a total for that year of \$8.335.

*Royalties*

Included in these mining costs are royalties to the Provincial Government at 12½ cents per long ton, as follows:

1930-1935.....	\$ 218,187.84
1936-1939.....	161,303.88
1940-1944.....	210,736.11
	<u>\$ 590,227.83</u>

*Production*

The production (in tons per man day) for the representative years which have been used is as follows:

	1930	1935	1939	1944
	Tons	Tons	Tons	Tons
Surface labour.....	7.77	7.30	8.05	5.44
Underground labour.....	3.44	2.87	3.47	1.98
Mining labour.....	4.94	4.64	5.32	5.64
Total labour.....	1.61	1.42	1.67	1.15
Percentage of labour to total cost.....	Per cent 60.6	Per cent 54.3	Per cent 57.7	Per cent 65.8

The production figures for the Company during the period under review are as hereunder:

	Short Tons
Total from 1930 to 1935.....	2,307,071
Yearly average.....	384,512
Total from 1936 to 1939.....	1,754,260
Yearly average.....	438,565
Total from 1940 to 1944.....	2,230,687
Yearly average.....	446,136
Grand total.....	6,292,018
Yearly average.....	419,468
Year of highest production—1940.....	531,201
Year of lowest production—1933.....	233,163
Total sales realization.....	\$29,327,715

## SUMMARY

## ACADIA COAL COMPANY LIMITED, STELLARTON, N.S.

Incorporated 1865

Capital		
Authorized—Common.....	\$ 2,000,000	
Preferred.....	3,000,000	
Issued— Common.....	\$ 1,846,100	
Preferred.....	3,000,000	
Consideration for issue of Capital—Cash.....	\$ 2,974,735	(See Remarks)
Properties—Net Valuation.....	\$ 3,741,225	\$ 2,299,834
Net Current Position.....	1,820,726	542,667
Surplus or Deficit.....	893,520	2,320,261

**Earnings Record**

## Losses—15 Years

(a) Before Income Tax.....	\$ 1,901,220
(b) After Income Tax.....	1,901,220

**Annual Profit or Loss**

	1930	1935	1939	1944
(a) Before Income Tax.....	\$87,418	\$ 287,377	\$ 137,911	\$ 28,635
(b) After Income Tax.....	87,418	287,377	137,911	28,635

**Dividend Record**

Total Dividends Paid—15 years.....	\$ 228,000
Rate on Capital—6 per cent for two years on \$1,900,000 of First Preferred Shares.	

**Depreciation and Depletion**

Total Depreciation (15 years) charged to Operations.....	} \$ 1,583,444
Total Depletion (15 years) charged to Operations.....	

**Assistance—Emergency Coal Production Board**

## Included in Accounts to 1944

(a) Production Subsidies.....	\$ 1,015,149
(b) Wages Equalization.....	445,388

## Total Paid to March 31, 1946

(a) Production Subsidies.....	\$ 2,474,303
(b) Wages Equalization.....	445,388

**Production Record**

Total Tonnage—15 years.....	6,292,018 tons			
	1930	1935	1939	1944
Annual Production (tons).....	506,754	392,321	459,013	353,559
Per Man-day Production (tons)...	1.61	1.42	1.67	1.15
Sales Realization—per ton.....	\$ 4.91	\$ 4.25	\$ 4.20	\$ 6.45
Total Cost—per ton.....	4.78	4.86	4.21	8.28

REMARKS.—Purchase of Acadia by Nova Scotia was made by paying cash in the amount of \$2,000,000 for the first preferred shares and by the issue of \$974,735 in debentures for the balance of the preferred and practically the whole of the common shares.

**OLD SYDNEY COLLIERIES LIMITED***History*

The mines presently operated by Old Sydney were for many years the coal-producing department of Nova Scotia Steel and Coal Company Limited, hereinafter referred to as the Scotia Company.

Early in 1933 the Scotia Company, having failed to pay the interest on its First Mortgage Bonds and 6 per cent Debenture Stock, was placed in receivership by the holders of those securities.

The receivers, together with liquidators acting on behalf of shareholders, managed the Company until July 31, 1938, when a plan of reorganization was accepted by the bond and shareholders and approved by the court.

Under this plan separate companies were formed to transact the business of the classes of enterprise previously operated by Scotia, Old Sydney Collieries Limited being the coal-producing company.

Old Sydney, after incorporation on August 1, 1938, issued 4,000 shares of \$100 each, or \$400,000, to the Scotia Company, receiving in exchange net assets valued at \$1,002,068.61—that being the capital employed by Scotia in its coal operations, the details of which are as follows:

Cash.....	\$ 137,256.63
Accounts receivable.....	121,272.23
Inventories of coal and supplies.....	411,193.17
Due from other companies.....	467,407.20
Deferred charges.....	49,962.94
	<u>\$ 1,187,092.17</u>
Less: Liabilities.....	185,023.56
Net assets turned over to Old Sydney.....	<u>\$ 1,002,068.61</u>

As Old Sydney did not acquire any coal properties, it entered into a rental agreement with Scotia, leasing the Princess and Florence collieries, shipping pier, buildings, plant, etc., for an annual rental of \$60,000, together with an undertaking to properly maintain the property and to pay all taxes, lease rentals, royalties, etc.

This agreement was subsequently amended, under which amendment Old Sydney paid in addition to the foregoing rental a depletion charge of 10 cents per ton, commencing January 1, 1942.

#### Properties

The book value of the leased properties on the records of Scotia at the end of 1944 was a net amount of \$3,225,498.11, summarized as follows:

At the date of reorganization of Scotia, these properties had a book value of.....	\$ 7,984,204.13
From which accumulated depreciation was written off in the amount of.....	2,476,632.28
Leaving a net book value of.....	\$ 5,507,571.85
Which was further adjusted by charging to surplus.....	2,303,972.68
Resulting in a valuation as at August 1, 1938 of.....	\$ 3,203,599.17
Expenditures on capital account have been made to December 31, 1944, of.....	21,898.94
Making the net book value as of that date.....	<u>\$ 3,225,498.11</u>

For the operating use of the above properties Old Sydney has paid:

	Rental and Depletion	Taxes and Insurance	Royalties	Total	Annual Percentage to Book Value
	\$	\$	\$	\$	Per cent
1938.....	25,000.00	25,018.10	33,214.80	83,232.90	6.2 (5 mos.)
1939.....	60,000.00	57,892.20	78,984.32	196,876.52	6.1
1940.....	60,000.00	59,328.00	86,523.01	205,851.01	6.4
1941.....	60,000.00	59,324.00	93,888.87	213,212.87	6.6
1942.....	117,345.90	59,044.96	91,725.57	268,116.43	8.3
1943.....	113,628.00	59,511.50	75,096.54	248,236.04	7.7
1944.....	112,944.40	57,410.29	79,200.27	249,554.96	7.7
	<u>548,918.30</u>	<u>377,529.05</u>	<u>538,633.38</u>	<u>1,465,080.73</u>	

In addition to the above charges, Old Sydney has maintained the properties and has installed equipment which will be discussed later.

OLD SYDNEY COLLIERIES LIMITED, STELLARTON, NOVA SCOTIA

SUMMARY OF OPERATIONS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
		Tons			Tons			Tons			Tons	
Tonnage Sold.....		3,199,928			2,687,532			3,588,997			9,476,457	
		\$	\$		\$	\$		\$	\$		\$	\$
Realization.....		15,297,675.52	4.781		13,232,757.86	4.924		21,417,703.59	5.968		49,948,136.97	5.271
Less Agency and Shipping Expense.....		3,439,132.77	1.075		3,142,693.72	1.169		4,901,524.38	1.366		11,483,350.87	1.212
		11,858,542.75	3.706		10,090,064.14	3.755		16,516,179.21	4.602		38,464,786.10	4.059
<i>Deduct Costs</i>												
Labour.....	55.786	7,166,966.67	2.240	58.571	6,225,262.93	2.316	61.674	9,737,822.93	2.712	58.907	23,130,052.53	2.441
Material.....	11.718	1,505,481.57	0.470	13.187	1,401,572.74	0.522	13.346	2,107,275.24	0.587	12.770	5,014,329.55	0.529
Power.....	8.360	1,073,986.86	0.336	6.890	732,314.32	0.272	6.038	953,399.14	0.266	7.028	2,759,700.32	0.291
Taxes and Rentals.....	2.627	337,538.56	0.105	2.080	221,104.06	0.082	1.762	278,211.00	0.078	2.131	836,853.62	0.088
Royalties.....	2.557	328,533.14	0.103	2.757	293,034.63	0.109	2.701	426,434.26	0.119	2.669	1,048,002.03	0.111
Workmen's Compensation Board.....	1.609	206,770.38	0.065	2.246	238,754.10	0.089	2.629	415,054.89	0.116	2.192	860,579.37	0.091
Other Mining Costs.....	8.361	1,074,117.86	0.336	6.672	709,109.71	0.264	9.046	1,428,315.31	0.398	8.179	3,211,542.88	0.338
Administration and Overhead.....	4.519	580,578.31	0.181	3.087	328,057.04	0.122	2.804	442,724.86	0.123	3.442	1,351,360.21	0.143
	95.537	12,273,973.35	3.836	95.490	10,149,209.53	3.776	100.000	15,789,237.63	4.399	97.318	38,212,420.51	4.032
Depreciation.....	4.463	573,369.00	0.179	4.510	479,334.80	0.178				2.682	1,052,703.80	0.110
Total Cost.....	100.000	12,847,342.35	4.015	100.000	10,628,544.33	3.954	100.000	15,789,237.63	4.399	100.000	39,265,124.31	4.142
Operating Profit or Loss.....		988,799.60	0.309		538,480.19	0.199		726,941.58	0.203		800,338.21	0.083
Add Sundry Revenue.....		671.51			3,522.51	0.001		60,589.27	0.017		64,783.29	0.007
Provincial Government Assistance.....		39,929.38	0.013								39,929.38	0.004
		948,198.71	0.296		534,957.68	0.198		787,530.85	0.220		695,625.54	0.073
Deduct Bond Interest.....		939,353.26	0.294		400,880.11	0.149					1,340,233.37	0.141
Rental.....								463,918.30	0.129		463,918.30	0.049
		1,887,551.97	0.590		935,837.79	0.347		323,612.55	0.091		2,499,777.21	0.262
Deduct Income Tax.....								93,841.03	0.026		93,841.03	0.010
Net Profit or Loss.....		1,887,551.97	0.590		935,837.79	0.347		229,771.52	0.065		2,593,618.24	0.272

*Financial Position*

The financial position of the Company as at August 1, 1938, and December 31, 1944, is set out in the undernoted balance sheet:

	August 1, 1938	December 31, 1944
<b>Assets—</b>	<b>\$</b>	<b>\$</b>
Net current position, including amounts due from associated companies . . . . .	952,105.67	1,387,783.34
Deferred . . . . .	49,962.94	16,037.14
	1,002,068.61	1,403,820.48
<b>Liabilities—</b>		
Share capital . . . . .	400,000.00	400,000.00
Reserves . . . . .	602,068.61	740,494.59
Surplus . . . . .		263,325.89
	1,002,068.61	1,403,820.48

Old Sydney is in a sound financial position, as its net current position at December 31, 1944, was \$1,387,783.34.

During the period 1938-1944, this Company, according to its own records, has built up a surplus of \$263,325.89 after provision of \$93,841.03 for income taxes and increasing reserves by \$138,425.98. Certain adjustments, which are referred to later in this report, would substantially increase the surplus amount.

*Operating Results*

On the previous page is a summary of the operating results of these mines, divided into the three periods (1930-1935), (1936-1939) and (1940-1944). A total loss of \$2,593,618.24 is shown.

A further analysis of this loss by the various periods of management is:  
Years 1930 to 1932—

Operated as a department of the Scotia Company and under its management . . . . . loss \$1,306,717.26

Included in the above loss is an apportionment of bond interest amounting to \$473,966.24.

Years 1933 to July 31, 1938—

Operated as a department of the Scotia Company and under the management of the receivers and liquidators . . . . . loss 1,550,226.87

Apportionment of bond interest included in loss was \$866,267.13.

Total loss to Scotia Company . . . . . \$2,856,944.13

Years (August 1) 1938 to 1944—

Operated as a separate company (Old Sydney Collieries Limited) under its own management.

Profit . . . . . \$ 357,166.92  
Less income tax . . . . . 93,841.03

263,325.89

Total loss over 15 years . . . . . \$ 2,593,618.24

The bond interest referred to above was settled under the reorganization plan by the issue of Dosco B shares.

A survey of the operating charges subsequent to 1939 has been made, which has resulted in certain of the charges being classified as capital or deferred. As this Company does not own the properties but leases them from Scotia, any capital charges should be written off over a determined period of time. The operating accounts as submitted have, therefore, been adjusted by allowing depreciation or amortization in respect of such capital items.

In addition, it would appear that the Company's original current reserves of some \$600,000 would be sufficient to meet any contingency and, therefore, the increase in the reserves (which was charged as an expense) has also been reversed in the undernoted statement, which shows the profit or loss before income tax, the above explained adjustments and the resulting net profit.

	Profit or Loss Before Income Tax	Eliminations	Resulting Net Profit
	\$	\$	\$
1939 .....	16,646.52	103,553.41	120,199.93
1940 .....	28,604.37	90,302.29	61,697.92
1941 .....	57,329.19	129,015.60	71,686.41
1942 .....	226,542.86	83,856.61	310,399.47
1943 .....	167,029.24	84,652.13	251,681.37
1944 .....	15,974.01	83,915.05	99,889.06
	340,259.07	575,295.09	915,554.16

From the foregoing it would appear that during the years 1939 to 1944 Old Sydney enjoyed a very favourable earning experience.

This Company has not claimed or received any production subsidies from the Emergency Coal Production Board.

### Sales

Sales to the public constitute approximately 90 per cent of the total tonnage sold for all years, except in the years 1931 and 1943 when 23 per cent and 35 per cent, respectively, was sold to the Dominion Coal and Steel Corporation (Steel Division). The remaining 10 per cent is used by the Company for operating purposes or sold to employees and to other associated companies.

### Sales—Dosco (Steel Division.)

The sales to the Steel Division of Dosco over the period from 1930 to 1944 resulted in a loss of \$260,873.39, when the price received at the mines is compared with the mining costs as computed by the Company. This amount is divided as between operations as follows:

1930-1938 .....	\$ 220,207.58
1939-1944 .....	40,665.81
	<u>\$ 260,873.39</u>



Insofar as the present Company has only operated since August, 1938, the loss of \$40,665.81 is further analyzed:

Year	Loss	Tonnage sold to Dosco (Long Tons)		Selling Price to Dosco (Long Tons)		Selling Price to Public (Long Tons)	
		R/M	Slack	R/M	Slack	R/M	Slack
	\$			\$	\$	\$	\$
1939.....	880.68	7,339		4.151		4.437	4.078
1940.....	4,322.71	8,345		4.007		4.582	3.988
1941.....	3,839.63	6,213		4.125		4.852	4.053
1942.....	18,398.64	1,689*	27,976	4.180	4.183	5.734	4.471
		3,848†		4.478			
1943.....	5,058.89	31,712*	175,330	5.734	5.434	6.025	5.270
		3,745†		4.254			
1944.....	8,165.26	4,934*		6.179		7.206	5.989
		6,470†		5.269			
Totals.....	40,665.81	74,295	203,306				

\* Rail. † Water.

The matter of sales to the Steel Division of Dosco by the Dominion Coal Company has been dealt with at length in the report of that Company.

By comparison, it will be noted that Old Sydney received a higher price for coal sold to the Steel Division of Dosco than does the Dominion Coal Company, which is an associated company. In the year 1943 Old Sydney sold 175,330 tons of slack to Dosco (Steel Division) and received \$5.434 per ton compared with \$4.103 received by the Dominion Company for 634,564 tons, while the price to the public was \$5.27. In the year 1942 Old Sydney sold 27,976 tons of slack to the Steel Division at \$4.183 per ton compared with \$4.096 received by the Dominion Company for 852,301 tons of slack.

As Old Sydney, like the Dominion Coal Company, is controlled by Dosco, it is our view that what has already been said in our review of Dominion Coal Company Limited about a price formula has application to sales by this Company to Dosco.

#### Sales—Public

For representative years, a summary of tonnage sold and prices received at the mines for public sales is as follows:

	1930		1935		1939		1944	
	Tons	Per cent	Tons	Per cent	Tons	Per cent	Tons	Per cent
<b>Tonnage—</b>								
Run of mine.....	315,751	64	350,269	64	399,608	64	357,643	58
Slack.....	176,934	36	196,658	36	229,011	36	263,801	42
Total.....	492,685	100	546,927	100	628,619	100	621,444	100
	\$		\$		\$		\$	
<b>Price—</b>								
Run-of-mine.....			3.567		3.961		6.434	
Slack.....			3.391		3.641		5.348	
Average.....	4.158		3.553		3.848		6.000	
<b>Run-of-mine—</b>								
Highest Price.....	5.590		4.964		5.358		7.240	
Lowest Price.....	3.653		3.331		3.681		5.742	
<b>Slack—</b>								
Highest Price.....	3.492		3.810		4.647		6.555	
Lowest Price.....	2.420		2.844		2.544		4.186	

**Mining Costs**

A comparative analysis of the mining costs for selected years is shown hereunder:

	1930	1935	1939	1944
Tonnage produced.....	567,132	609,849	681,508	682,850
	\$	\$	\$	\$
Labour—				
Surface.....	0.372	0.269	0.276	0.562
Underground.....	0.994	0.814	0.823	1.393
Mining.....	1.400	1.064	1.177	1.518
	2.766	2.147	2.276	3.473
Material.....	0.492	0.460	0.488	0.733
Power.....	0.395	0.300	0.259	0.278
Renewals and Betterments.....	0.035	0.089		0.053
General Charges—				
Sundry.....	0.542	0.648	0.418	0.631
Employees' Benefits.....	0.119	0.105	0.112	0.301
Banking and Filling.....	0.062	0.076	0.082	0.064
	4.411	3.825	3.635	5.533
Rental or Depreciation.....	0.178	0.178	0.178	0.165
	4.589	4.003	3.813	5.698

As previously mentioned, certain expenditures were eliminated from the mining costs because of their capital nature and also the increase in the reserves. The elimination of these items in respect of mining costs would reduce the above figures for the years 1939 and 1944 by 15 cents and 12 cents per ton, respectively.

The depreciation shown in the above tabulation is on the basis of 20 cents per long ton for the years 1930, 1935, and 1939, and for the year 1944 the rental paid to the Scotia Company.

**Royalties**

Included in the mining costs are the following amounts for royalties in the respective periods, based on 12½ cents per long ton:

1930-1935.....	\$ 328,533.14
1936-1939.....	293,034.63
1940-1944.....	426,434.26
	<u>\$ 1,048,002.03</u>

**Production**

The production, in tons per man day, for representative years is as follows:

	1930	1935	1939	1944
	Tons	Tons	Tons	Tons
Surface Labour.....	10.40	12.62	13.38	10.81
Underground Labour.....	4.45	4.51	4.79	4.48
Mining Labour.....	4.46	5.06	5.06	5.52
Total Labour.....	1.83	2.00	2.08	2.02
	Per cent	Per cent	Per cent	Per cent
Percentage of Labour Cost to Total Cost.....	60	54	60	61

The production figures for this Company during the whole period from 1930 to 1944 are as hereunder:

Total from 1930 to 1935.....	Tons 3,210,982
Yearly average.....	535,164
Total from 1936 to 1939.....	2,684,264
Yearly average.....	671,067
Total from 1940 to 1944.....	3,564,787
Yearly average.....	712,958
Grand total.....	9,460,033
Yearly average.....	630,669
Year of highest production—1942.....	749,337
Year of lowest production—1932.....	441,023
Total sales realization (1930–1944).....	\$49,948,137

### SUMMARY

#### OLD SYDNEY COLLIERIES LIMITED, SYDNEY MINES, N.S.

Incorporated 1938

<b>Capital</b>					
Authorized—Common.....	\$	400,000			
Issued—Common.....	\$	400,000			
Consideration for issue of Capital—Cash.....	\$	400,000			
1944					
Properties—Net Valuation.....			Leased		
Net Current Position.....	\$	1,403,810			
Surplus.....			263,326		
<b>Earnings Record</b>					
Losses—15 years					
(a) Before Income Tax.....	\$	2,499,777			
(b) After Income Tax.....		2,593,618			
<b>Annual Profit or Loss</b>					
		1930	1935	1939	1944
(a) Before Income Tax.....	\$	414,039	17,078	16,646	15,974
(b) After Income Tax.....		414,039	17,078	16,646	10,174
<b>Dividend Record</b>					
Total Dividends Paid—15 years.....			Nil		
<b>Depreciation and Depletion</b>					
Total Depreciation (15 years) charged to Operations.....	\$	1,052,704			
Total Depletion (15 years) charged to Operations.....		Nil			
<b>Assistance—Emergency Coal Production Board</b>					
Included in Accounts to 1944					
(a) Production Subsidies.....			Nil		
Total Paid to March 31, 1946					
(a) Production Subsidies.....			Nil		
<b>Production Record</b>					
Total Tonnage—15 years.....		9,460,033		tons	

Production Record—Concluded	1930	1935	1939	1944
Annual Production.....(tons)	567,132	609,849	681,508	682,850
Per Man-day Production....(tons)	1.83	2.00	2.08	2.02
Sales Realization—per ton.....	\$ 4.16	\$ 3.55	\$ 3.85	\$ 6.00
Total Cost—per ton.....	4.59	4.00	3.81	5.70

REMARKS.—The production, sales and costs for the period prior to August 1, 1938, represent the figures for the coal department of Nova Scotia Steel Company, of which Old Sydney Collieries Limited is the continuation.

**Other Coal Companies Operating on Cape Breton  
Island, Nova Scotia**  
(excluding Inverness Collieries)

<i>Names of Companies</i>	<i>Production</i>
Bras d'Or Coal Company Limited, Bras d'Or, Nova Scotia (15 years).....	1,918,442 tons
Indian Cove Coal Company Limited, Sydney Mines, Nova Scotia (15 years).....	690,426 tons
Sullivan Coal Company Limited, Sydney Mines, Nova Scotia (4 years).....	60,431 tons
	<u>2,669,299 tons</u>

The three companies in this group operate on Cape Breton Island in the Province of Nova Scotia, and have produced approximately one per cent of the total Canadian tonnage over the fifteen-year period under review.

A comparative statement of their financial position in 1930 and 1944 follows:

	1930	1944
	\$	\$
<i>Assets—</i>		
Properties.....	792,234.26	803,580.09
Less depreciation and depletion reserve.....	44,528.72	144,398.34
Net properties.....	747,705.54	659,181.75
Deferred.....	5,962.50	5,678.66
Net current position.....	175,655.31	188,784.62
	<u>929,323.35</u>	<u>853,645.03</u>
<i>Liabilities—</i>		
Capital.....	857,700.00	861,700.00
Surplus or deficit.....	71,623.35	8,054.97
	<u>929,323.35</u>	<u>853,645.03</u>

Subsidies of \$68,521.97 have been received by these companies for the years 1943 and 1944. To March 31, 1946, additional production subsidies have been received in the amount \$142,048.40, and at March 31, 1946, a loan of \$9,967.32 was outstanding.

Dividends have been paid over the period of \$167,212, which represent 1.3 per cent on the share capital.

*Operating Results*

The summarized statement of operations on the facing page shows that these companies realized an average of \$3.70 per ton. Costs, including full depletion allowance of 10 cents per ton, amounted to \$3.77, or an operating loss of 7 cents per ton. After subsidies and sundry revenues of 6 cents, this loss is reduced to one cent. After provision for income tax, the over-all loss is 2 cents per ton, which is accounted for by the losses in non-profitable years being greater than profits in profitable years.

The results for the 1930-1935 period show a loss of 5.9 cents per ton, for the standard period (1936-1939) a profit of 1.7 cents, and for the war years a loss of 2.2 cents per ton.

Using the 1936-1939 period as a base of 100, the following is a comparison of the indices for sales and costs for the other two periods:

Period	Sales	Costs
1930 - 1935.....	105.0	123.0
1936 - 1939.....	100.0	100.0
1940 - 1944.....	108.3	126.6

Mining costs per ton for representative years are as follows:

	1930	1935	1939	1944
	\$	\$	\$	\$
Bras d'Or.....	3.49	3.34	3.53	5.34
Indian Cove.....	3.43	2.92	2.83	4.62
Sullivan.....				5.43

Production Per Man Day

	1939	1944
	Tons	Tons
Bras d'Or.....	2.48	1.69
Indian Cove.....	2.40	1.80
Sullivan.....		2.00

OTHER COAL COMPANIES OPERATING ON CAPE BRETON ISLAND, NOVA SCOTIA  
SUMMARY OF OPERATING RESULTS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
Tonnage Sold.....		Tons 816,678			Tons 739,165			Tons 1,113,456			Tons 2,669,299	
Realization.....		\$ 2,854,536.10	\$ 3.495		\$ 2,458,944.92	\$ 3.327		\$ 4,556,844.90	\$ 4.093		\$ 9,870,325.92	\$ 3.698
<i>Deduct Costs</i>												
Labour.....	42.772	1,240,977.03	1.520	63.646	1,539,077.60	2.082	64.377	2,982,661.64	2.679	57.901	5,762,716.27	2.159
Material.....	12.731	369,357.32	0.452	14.558	352,040.94	0.476	14.504	672,000.03	0.604	14.000	1,393,398.29	0.522
Power.....	4.862	141,077.60	0.173	4.297	103,918.46	0.141	3.152	146,058.40	0.131	3.929	391,054.46	0.147
Taxes and Rentals.....					27,755.75	0.038		33,839.42	0.030	0.619	61,595.17	0.023
Royalties.....	4.073	118,163.25	0.145	5.156	124,681.42	0.169	4.256	197,199.53	0.177	4.421	440,044.20	0.165
Workmen's Compensation												
Board.....	1.889	54,803.35	0.067	2.754	66,587.51	0.090	3.329	154,252.65	0.139	2.770	275,643.51	0.103
Other Mining Costs.....	29.792	864,369.01	1.058				0.050	2,332.87	0.002	8.708	866,701.88	0.325
Administration and Overhead	2.109	61,187.47	0.075	6.203	150,008.77	0.203	6.563	304,095.01	0.273	5.177	515,291.25	0.193
Depreciation.....	98.228	2,849,935.03	3.490	97.762	2,364,070.45	3.199	96.991	4,492,439.55	4.035	97.525	9,706,445.03	3.637
Depletion.....	1.772	51,413.20	0.063	0.420	10,149.00	0.014	1.430	66,260.33	0.060	0.768	76,409.33	0.029
				1.818	43,960.90	0.059	1.609	74,511.30	0.066	1.707	169,885.40	0.063
Total Cost.....	100.000	2,901,348.23	3.553	100.000	2,418,180.35	3.272	100.000	4,633,211.18	4.161	100.000	9,952,739.76	3.729
Operating Profit or Loss.....		46,812.13	0.058		40,764.57	0.055		76,366.23	0.068		82,413.84	0.031
Add Sundry Revenue.....		31,269.27	0.038		9,168.05	0.012		47,256.09	0.042		87,693.41	0.033
Subsidies.....								68,521.97	0.062		68,521.97	0.026
Profit or Loss, before Income												
Tax.....		15,542.86	0.020		49,932.62	0.067		39,411.78	0.036		73,801.53	0.028
Deduct Income Taxes.....		2,145.35	0.002		7,013.52	0.009		25,542.47	0.023		34,701.34	0.013
Net Profit or Loss.....		17,688.21	0.022		42,919.10	0.058		13,869.31	0.013		39,100.19	0.015
Depletion is not set up in the books of all Companies; if entered at 10 cents per ton, a further charge would be necessary, of.....		30,254.60	0.037		29,955.60	0.041		36,834.30	0.034		97,044.50	0.037
Making a net Profit or Loss of.....		47,942.81	0.059		12,963.50	0.017		22,964.99	0.021		57,944.31	0.022

NOTE:—In the 1930-35 period, the accounts of one Company are not capable of segregation into the Cost Headings as shown, and the total costs are included in "Other Mining Costs".

## SUMMARY

## BRAS D'OR COAL COMPANY LIMITED, BRAS D'OR, N.S.

Incorporated 1917

## Capital

Issued—Common .....	\$	182,900
Preferred .....		599,800
		<u>782,700</u>

## Consideration for issue of Capital—

Properties .....	\$	782,700
------------------	----	---------

		1930		1944
Properties—Net Valuation .....	\$	699,905	\$	632,447
Net Current Position .....		72,967		106,972
Deficit .....		4,116		38,218

## Earnings Record

## Losses—15 years

(a) Before Income Tax .....	\$	53,489
(b) After Income Tax .....		69,489

## Annual Profit or Loss

		1930	1935	1939	1944
(a) Before Income Tax .....	\$	5,165	\$ 2,245	\$ 3,992	\$ 55,438*
(b) After Income Tax .....		5,165	2,245	3,992	55,438*

## Dividend Record

Total Dividends Paid—15 years .....	\$35,992 on preferred shares.
Rate on Capital .....	0.4 per cent

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$	54,891
Total Depletion (15 years) charged to Operations .....		169,885

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944 Production Subsidies .....	\$	47,473*
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Total Paid to March 31, 1946 Production Subsidies .....	\$	130,660
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## Production Record

Total Tonnage—15 years .....	1,918,442 tons
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	1930	1935	1939	1944
Annual Production—tons .....	122,024	104,936	124,834	147,163
Per Man-day Production—tons .....	—	—	2.48	1.69
Sales Realization—per ton .....	\$ 3.52	\$ 3.30	\$ 3.48	\$ 4.90
Total Cost—per ton .....	3.49	3.34	3.53	5.34

REMARKS.—\* Loss for 1944 is before the subsidy claimed of \$47,473.

## SUMMARY

## INDIAN COVE COAL COMPANY LIMITED, SYDNEY MINES, N.S.

<b>Capital</b>					
Authorized—Common—A.....	\$	15,000			
Common—B.....		60,000			
		<u>75,000</u>			
Issued—Common—A.....	\$	15,000			
Common—B.....		60,000			
		<u>75,000</u>			
<b>Consideration for issue of Capital</b>					
Cash.....	\$	15,000			
Properties.....		60,000			
		<u>75,000</u>			
			1930		1944
Properties—Net Valuation.....	\$	47,800	\$	22,470	
Net Current Position.....		102,688		34,132	
Surplus or <i>Deficit</i> .....		75,740		17,876	
<b>Earnings Record</b>					
Profits—15 years					
(a) Before Income Tax.....	\$	76,991			
(b) After Income Tax.....		59,397			
			1930	1935	1939
Annual Profit					1944
(a) Before Income Tax.....	\$	16,042	\$	901	\$ 3,319
(b) After Income Tax.....		15,347		766	653
<b>Dividend Record</b>					
Total Dividends Paid—15 years.....	\$	130,500			
Rate on Capital.....				12 per cent	
<b>Depreciation and Depletion</b>					
Total Depreciation (15 years)					
Charged to Operations.....	\$	22,344			(1935-1944)
Total Depletion (15 years)					
Charged to Operations.....				Nil	
				<u>Nil</u>	
<b>Assistance—Emergency Coal Production Board</b>					
Included in Accounts to 1944					
Production Subsidies.....	\$	12,482			
		<u>12,482</u>			
<b>Total Paid to March 31, 1946</b>					
(a) Production Subsidies.....	\$	54,817			
(b) Non-Interest Bearing Loan.....		9,967			
		<u>64,784</u>			
<b>Production Record</b>					
Total Tonnage—15 years.....					690,426 tons
			1930	1935	1939
Annual Production—tons.....		51,162	48,700	63,386	36,498
Per Man-day Production—tons.....		—	—	2.40	1.80
Sales Realization—per ton.....	\$	3.90	\$ 3.20	\$ 3.23	\$ 4.37
Total Cost—per ton.....		3.43	2.92	2.83	4.62



## SUMMARY

## SULLIVAN COAL COMPANY LIMITED, SYDNEY MINES, N.S.

Incorporated 1941

Capital		
Authorized—Common .....	\$ 4,000	
Issued—Common .....	\$ 4,000	
Consideration for issue of Capital—Cash .....	\$ 4,000	
Properties—Net Valuation .....		1944
Net Current Position .....	\$ 4,264	
Surplus .....		206
		565
Earnings Record		
Profits—5 years		
(a) Before Income Tax .....	\$ 2,827	
(b) After Income Tax .....	1,720	
Annual Profit or Loss		1944
(a) Before Income Tax .....	\$ 389	
(b) After Income Tax .....	389	
Dividend Record		
Total Dividends Paid—5 years .....	\$ 720	
Rate on Capital .....	.6 per cent for 3 years	
Depreciation and Depletion		
Total Depreciation (5 years) Charged to Operations .....	\$ 1,944	
Total Depletion (5 years) Charged to Operations .....	Nil	
Assistance—Emergency Coal Production Board		
Included in Accounts to 1944		
Production Subsidies .....	\$ 8,566	
Total Paid to March 31, 1946		
Production Subsidies .....	\$ 25,094	
Production Record		
Total Tonnage—5 years .....	60,431 tons	
Annual Production—tons .....		1944
Per Man-day Production—tons .....		11,535
Sales Realization—per ton .....	\$ 4.67	
Total Cost—per ton .....	5.43	

**Other Coal Companies Operating on Mainland  
Province of Nova Scotia**

	Production
Greenwood Coal Company Limited, New Glasgow, N.S. (15 years).....	642,536 tons
Hillcrest Mining Company Limited, River Hebert, N.S. (3 years).....	254,259 tons
Intercolonial Coal Company Limited, Westville, N.S. (15 years).....	2,659,838 tons
Joggins Coal Company Limited, Amherst, N.S. (5½ years)...	635,915 tons
Standard Coal Company Limited, Amherst, N.S. (5 years)...	325,983 tons
	4,518,531 tons

The above companies produce approximately 2 per cent of Canadian coal, and it will be observed that of the total the Intercolonial Company produces more than half for this group.

Of these companies, Intercolonial is in a strong financial position, having net current assets of \$785,000; Greenwood and Joggins are in a fair state with net current assets of \$78,000; and the remaining two have an excess of immediate liabilities over quick assets of \$132,000.

A summary of the state of affairs of this group as at 1930 and 1944 is shown hereunder:

NOVA SCOTIA

	1930	1944
	\$	\$
<i>Assets—</i>		
Properties.....	1,102,761.45	935,632.44
Less depreciation and depletion reserve.....	149,047.73	298,029.31
<i>Net Properties.....</i>	<i>953,713.72</i>	<i>637,603.13</i>
Goodwill (Intercolonial).....	500,000.00	500,000.00
Deferred.....	7,111.49	24,560.20
Net current position.....	582,741.38	731,826.76
	2,043,566.59	1,893,990.09
<i>Liabilities—</i>		
Capital.....	1,240,300.00	1,442,300.00
Reserves.....	251,516.96	184,603.59
Surplus.....	551,749.63	267,086.50
	2,043,566.59	1,893,990.09

During the period under review Intercolonial paid annual dividends on its preferred stock at 8 per cent which totalled \$242,112 and dividends of \$650,000 on the common capital stock of \$1,000,000, or at an average rate of 4.33 per cent in varying amounts ranging from 1 to 8 per cent. The assets of this Company include a good will figure of \$500,000. The Joggins Company paid dividends at the rate of from 8 to 30 per cent for an average of 15 per cent per annum on the capital outstanding totalling \$87,500; the remaining companies did not pay any dividends.

### *Operating Results*

On the facing page is a statement showing the operating results of these five companies which, after including depletion at 10 cents per ton, result in average earnings after subsidies, sundry revenue and income taxes of 15½ cents per ton.

However, in this group there are two profitable companies (Intercolonial and Joggins), and the other three have sustained losses over the period under review. In the Intercolonial Company investment income totals \$357,000 and is included in the final net profit.

The total net profit is further segregated:

Profitable companies (2)—Net earnings.....	\$ 751,971.34
Less: Unprofitable companies (3)—Net losses.....	60,400.23
Net earnings of all companies in group.....	<u>\$ 691,571.11</u>

The per-ton profits after income taxes and depletion at 10 cents per ton amount to (for the profitable companies) an average of 24.8 cents per ton for Intercolonial and 14.7 cents per ton for Joggins. The unprofitable companies lost 1 cent, 13.2 cents and 8.2 cents per ton over the period.

### *Per Man-day Production*

For the year 1944, the man-day production was as follows:

	Tons
Intercolonial.....	1.67
Joggins.....	2.60
Greenwood.....	1.14
Hillcrest.....	2.06
Standard.....	2.08

### *Government Assistance*

Finalized to the end of 1944, production subsidies have been received as follows:

Greenwood.....	\$ 83,788.41
Intercolonial.....	75,068.56
Hillcrest.....	31,511.29
Standard.....	28,552.69
	<u>\$ 218,920.95</u>

Additional subsidies to March 31, 1946, have been received by the above companies amounting to \$144,741.87, while three other mines not covered by the survey received total production subsidies to March 31, 1946, of \$20,972.19, or a total of government assistance of \$384,635.01.

OTHER COAL COMPANIES—MAINLAND—PROVINCE OF NOVA SCOTIA

SUMMARY OF OPERATIONS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
		Tons			Tons			Tons			Tons	
Tonnage Sold.....		1,117,349			1,013,220			2,370,642			4,501,211	
		\$	\$		\$	\$		\$	\$		\$	\$
Realization.....		4,757,387.62	4.258		3,936,050.02	3.885		9,854,603.16	4.157		18,548,080	4.121
<i>Deduct Costs</i>												
Labour.....	61.451	2,847,407.61	2.548	60.887	2,298,516.94	2.269	49.055	4,814,325.87	2.031	54.658	9,960,250.42	2.212
Material.....	9.397	435,431.36	0.390	9.375	353,896.31	0.349	8.503	834,493.78	0.352	8.912	1,623,821.45	0.361
Power.....	5.641	261,359.30	0.234	5.379	203,074.40	0.200	4.220	414,174.94	0.175	4.821	878,608.64	0.195
Taxes and Rentals.....	2.418	112,041.68	0.100	2.014	76,017.22	0.075	1.050	103,039.33	0.043	1.597	291,098.23	0.065
Royalties.....	2.966	137,420.62	0.123	3.459	130,572.29	0.129	3.996	392,219.47	0.165	3.623	660,212.38	0.147
Workmen's Compensation Board.....	2.046	94,795.23	0.085	3.022	114,072.31	0.113	2.369	232,511.38	0.098	2.422	441,378.92	0.098
Other Mining Costs.....	4.136	191,655.54	0.172	4.870	183,862.80	0.181	22.258	2,184,424.21	0.921	14.048	2,559,942.55	0.569
Administration and Overhead.....	7.303	338,387.58	0.303	5.827	219,956.01	0.217	4.655	456,817.14	0.193	5.571	1,015,160.73	0.226
	95.358	4,418,498.92	3.955	94.833	3,579,968.28	2.533	96.106	9,432,006.12	3.978	95.652	17,430,473.32	3.873
Depreciation.....	2.488	115,282.63	0.103	2.775	104,774.30	0.103	1.933	189,749.36	0.080	2.249	409,806.29	0.090
Depletion.....	2.154	99,815.30	0.089	2.392	90,297.50	0.090	1.961	192,464.97	0.082	2.099	382,577.77	0.085
Total Cost.....	100.000	4,633,596.85	4.147	100.000	3,775,040.08	3.726	100.000	9,814,220.45	4.140	100.000	18,222,857.38	4.048
Operating Profit.....		123,790.77	0.111		161,009.94	0.159		40,382.71	0.017		325,183.42	0.073
Add Sundry Revenue.....		168,769.78	0.151		120,278.06	0.119		206,949.66	0.087		495,997.50	0.110
Subsidies.....								218,920.95	0.092		218,920.95	0.049
Profit, before Income Taxes.....		292,560.55	0.262		281,288.00	0.278		466,253.32	0.196		1,040,101.87	0.232
Income Taxes.....		29,375.40	0.026		47,084.76	0.046		204,527.27	0.086		280,987.43	0.062
Net Profit.....		263,185.15	0.236		234,203.24	0.232		261,726.05	0.110		759,114.44	0.170
Depletion is not set up in the books of all Companies. If entered at 10 cents per ton, a further charge would be necessary, of.....		11,919.60	0.011		11,024.50	0.010		44,599.23	0.018		67,543.33	0.015
Making a Net Profit of.....		251,265.55	0.225		223,178.74	0.222		217,126.82	0.092		691,571.11	0.155

NOTE.—In 1940-1944 period, there is one Company whose accounts are not capable of placing on same comparable basis as the others, and therefore, the total costs are shown under "Other Mining Costs".

## SUMMARY

## GREENWOOD COAL COMPANY LIMITED, NEW GLASGOW, N.S.

Incorporated 1916

## Capital

Authorized—Common.....	\$ 30,000
Issued—Common.....	\$ 30,000
Consideration for issue of Capital— Cash.....	\$ 30,000

Properties—Net Valuation.....	1930	1944
Net Current Position.....	\$ 196,672	\$ 52,325
Surplus.....	26,827	19,997*
	127,768	82,592*

## Earnings Record

## Losses—15 years

(a) Before Income Tax.....	\$ 9,150
(b) After Income Tax.....	12,802

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax.....	\$ 416	\$ 1,631	\$ 4,927	\$10,455*
(b) After Income Tax.....	416	1,631	4,927	10,455*

## Dividend Record

Total Dividends Paid—15 years.....	Nil
------------------------------------	-----

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations.....	\$ 38,435
Total Depletion (15 years) charged to Operations.....	57,359

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

(a) Production Subsidies.....	\$ 70,770
(b) Production Subsidies Receivable.....	13,018

## Total Paid to March 31, 1946

(a) Production Subsidies.....	\$ 101,728
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## Production Record

Total Tonnage—15 years.....	642,536 tons
-----------------------------	--------------

	1930	1935	1939	1944
Annual Production (tons).....	25,808	52,530	40,155	31,206
Per Man-day Production (tons).....	—	—	1.52	1.14
Sales Realization—per ton.....	\$ 4.46	\$ 4.23	\$ 4.07	\$ 6.15
Total Cost—per ton.....	4.54	4.32	4.23	8.20

REMARKS.—Subsidy receivable of \$13,018 is included in figures marked (\*).

## SUMMARY

## HILLCREST MINING COMPANY LIMITED, RIVER HEBERT, N.S.

Incorporated 1940

Capital		
Authorized—Common.....	\$ 120,000	
Issued—Common.....	\$ 120,000	
Properties—Net Valuation.....		1944
Net Current Position.....		\$ 170,839
Deficit.....		76,932
		10,452
Earnings Record		
Losses—4 years		
(a) Before Income Tax.....	\$ 6,551	
(b) After Income Tax.....	8,081	
Annual Loss		1944
(a) Before Income Tax.....	\$ 14,110	
(b) After Income Tax.....	14,110	
Dividend Record		
Total Dividends Paid—4 years.....	Nil	
Depreciation and Depletion		
Total Depreciation (4 years) charged to Operations.....	\$ 43,197	
Total Depletion (4 years) charged to Operations.....	5,685	
Assistance—Emergency Coal Production Board		
Included in Accounts to 1944		
Production Subsidies.....	\$ 31,511	
Total Paid to March 31, 1946—		
Production Subsidies.....	\$ 55,572	
Production Record		
Total Tonnage—4 years.....	254,259 tons	
Annual Production (tons).....		1944
Per Man-day Production (tons).....		88,218
Sales Realization—per ton.....		2.06
Total Cost—per ton.....		\$ 3.67
		4.20

## SUMMARY

## INTERCOLONIAL COAL COMPANY LIMITED, WESTVILLE, N.S.

Incorporated 1923

## Capital

Issued—Common .....	\$1,000,000
Preferred .....	217,900
	<u>217,900</u>

## Consideration for issue of Capital

Cash .....	\$ 717,900
Goodwill .....	500,000
	<u>500,000</u>

	1930	1944
Properties—Net Valuation .....	\$ 757,041	\$ 336,762
Net Current Position .....	555,914	785,397
Surplus .....	423,981	246,030

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$ 903,292
(b) After Income Tax .....	699,340

## Annual Profit

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 40,002	\$ 44,269	\$ 61,655	\$ 35,486
(b) After Income Tax .....	37,224	38,292	52,239	21,292

## Dividend Record

## Total Dividends Paid—15 years

Common.....\$650,000 4.3 per cent varying at rates from 1  
per cent to 8 per cent.

Preferred.....\$242,112, being at the rate of 8 per cent.

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 277,141
Total Depletion (15 years) charged to Operations .....	237,370
	<u>237,370</u>

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies .....	\$ 86,050
	<u>86,050</u>

## Total Paid to March 31, 1946

Production Subsidies .....	\$ 148,730
	<u>148,730</u>

## Production Record

Total Tonnage—15 years .....	2,659,838 tons
------------------------------	----------------

	1930	1935	1939	1944
Annual Production (tons) .....	166,808	143,277	192,670	160,871
Per Man-Day Production (tons) .....	1.48	1.64	1.76	1.67
Sales Realization—per ton .....	\$ 4.50	\$ 4.00	\$ 3.84	\$ 5.66
Total Cost—per ton .....	\$ 4.42	\$ 3.89	\$ 3.73	\$ 6.12

## SUMMARY

## JOGGINS COAL COMPANY LIMITED, AMHERST, N.S.

Incorporated 1939

<b>Capital</b>			
Authorized—Common .....	\$	125,000	
Issued—Common .....	\$	125,000	
Consideration for issue of			
Capital—Cash .....	\$	50,300	
Properties .....		74,700	
			1944
Properties—Net Valuation .....	\$	69,590	
Net Current Position .....		71,390	
Surplus .....		13,836	
<b>Earnings Record</b>			
Profits—5 years			
(a) Before Income Tax .....	\$	176,450	
(b) After Income Tax .....		101,336	
<b>Annual Profit or Loss</b>			
		1939	1944
(a) Before Income Tax .....	\$	9,743	\$ 19,866
(b) After Income Tax .....		8,261	11,919
<b>Dividend Record</b>			
Total Dividends Paid—5 years .....	\$	87,500	
Rate on Capital—for 4 years at 30 per cent, 16 per cent, 16 per cent, and 8 per cent.			
<b>Depreciation and Depletion</b>			
Total Depreciation (5 years) charged to Operations .....	\$	38,412	
Total Depletion (5 years) charged to Operations .....		53,521	
<b>Assistance—Emergency Coal Production Board</b>			
Included in Accounts to 1944			
Production Subsidies .....		Nil	
Total Paid to March 31, 1946			
Production Subsidies .....		Nil	
<b>Production Record</b>			
Total Tonnage—5 years .....		635,915 tons	
		1939	1944
Annual Production (tons) .....		30,861	119,787
Per Man-Day Production (tons) .....			2.6
Sales Realization—per ton .....	\$	3.14	\$ 4.36
Total Cost—per ton .....		2.83	4.23



## SUMMARY

## STANDARD COAL COMPANY LIMITED, AMHERST, N.S.

Incorporated 1939

## Capital

Issued—Common .....	\$ 10,000
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Consideration for issue of Capital—Cash .....	\$ 10,000
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Properties—Net Valuation .....	1944
Net Current Position .....	\$ 7,815
Deficit .....	55,007
	51,901

## Earnings Record

Losses—5 years.

(a) Before Income Tax .....	\$ 37,272
(b) After Income Tax .....	37,272.

## Annual Profit or Loss

(a) Before Income Tax .....	1944
(b) After Income Tax .....	\$ 3,122
	3,122

## Dividend Record

Total Dividends Paid—5 years .....	Nil
------------------------------------	-----

## Depreciation and Depletion

Total Depreciation (5 years) charged to Operations .....	\$ 12,620
Total Depletion (5 years) charged to Operations .....	28,643

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944 Production Subsidies .....	\$ 14,165
--	-----------

Total Paid to March 31, 1946 Production Subsidies .....	\$ 57,633
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## Production Record

Total Tonnage—5 years .....	325,983 tons
-----------------------------	--------------

Annual Production (tons) .....	1944
Per Man-Day Production (tons) .....	72,499
Sales Realization—per ton .....	2.08
Total Cost—per ton .....	\$ 4.08
	4.25

## Inverness Collieries, Cape Breton

The survey for this operation covered the years 1940 to 1945, inclusive. Production and losses sustained over the period are:

	Production	Loss	Per ton
	tons	\$	\$
1940.....	139,770	38,741.62	0.277
1941.....	124,864	94,303.95	0.754
1942.....	103,673	107,172.17	1.034
1943.....	85,136	101,450.34	1.192
1944.....	84,702	241,135.33	2.847
1945.....	72,065	296,220.00	4.110
	610,210	879,023.41	1.441

These mines were operated for the years 1902 to 1915 and 1920 to 1921 by the Inverness Railway and Coal Company, by receivers from 1916 to 1919 and from 1922 to 1931. In the year 1924 the Province of Nova Scotia guaranteed the operations and this was in effect until 1934, when the mine was placed under government control more or less as an employment measure.

During the period of government guarantee and control the Province of Nova Scotia paid in operating losses, from 1927 to 1939, the sum of \$1,050,411.09, and on account of capital \$358,037.35.

The total production from the Inverness field amounts to:

From 1901 to 1929.....	5,421,179 tons
From 1930 to 1939.....	1,114,358 tons
From 1940 to 1945.....	610,210 tons
	<u>1,754,568 tons</u>
	<u>7,175,747 tons</u>

During the period of government control or guarantee the mine produced 2,428,644 tons, for a total cost to the Government on operation of \$1,929,434.50 or 79.4 cents per ton. Capital expenditures during the whole period amounted to \$405,464.31, which would increase the loss by 16.7 cents for a total cost of 96 cents per ton.

Subsidy assistance by the Dominion Government finalized to November 30, 1945, amounted to \$110,411.70.

In the loss sustained over the period 1940-1945 of \$879,023.41 the following classes of expenditures are included:

Interest on losses and on capital to the Province.....	\$ 103,008.41
Royalties at rate of 12½ cents per ton on certain production to Province.....	61,895.34
Workmen's Compensation Board.....	114,612.98
Taxes—property.....	59,436.18
	<u>\$ 338,952.91</u>

The average sales realization varies from \$3.58 per ton in 1940 to \$5.07 per ton in 1945.

Of the total average cost of \$5.87 per ton, labour represents \$3.21 or 55 per cent.

The mines worked an average of 290 days per annum and employed over the period an annual average of 291 employees. The man-day production in 1944 and 1945 was 1.2 and 1.1 tons.

The total sales of 612,154 tons during the years 1940 to 1945 are to the following consumers:

	Tons
Canadian National Railways.....	65,827
S. Cunard Company.....	122,806
Commercial and local sales, Nova Scotia.....	212,627
Commercial—New Brunswick.....	17,037
Prince Edward Island.....	28,716
Quebec.....	793
Government institutions.....	10,489
Employees and boiler coal for power.....	153,859
Total.....	<u>612,154</u>

### COMPANIES OPERATING IN PROVINCE OF NEW BRUNSWICK

	Production
Avon Coal Company Limited, Saint John, N.B.....	713,136 tons
W. B. Evans, Minto, N.B.....	481,620 tons
King Coal Mines, Chipman, N.B. (13 years).....	239,075 tons
Miramichi Lumber Company Limited, Minto, N.B.....	898,150 tons
Minto Coal Company Limited, Minto, N.B.....	1,365,168 tons
Newcastle Coal Company, Minto, N.B. (6 years).....	140,207 tons
Welton and Henderson Limited, Minto, N.B.....	559,847 tons
	<u>4,397,203 tons</u>

The comparative balance sheet as at the end of the fiscal periods of the above operators in 1930 (five) and 1944 (seven) is shown hereunder.

Three of the operations are proprietorships, three are limited companies and one is a department of a lumber company.

The 1944 financial position shows properties having a depreciated value of \$500,000 and the net current position \$338,000. Of these operators, there are three which have a deficiency or an excess of current liabilities over current assets totalling approximately \$48,000; the other four have a net current position of \$386,000.

	1930	1944
	\$	\$
<i>Assets—</i>		
Properties.....	1,151,799.30	1,315,645.05
Less depreciation and depletion reserve.....	509,692.28	814,053.50
Net properties.....	642,107.02	501,591.55
Deferred.....	66,993.15	67,698.05
Net current position.....	218,341.94	338,000.13
	<u>927,442.11</u>	<u>907,289.73</u>
<i>Liabilities—</i>		
Capital—Share.....	601,000.00	601,200.00
Proprietors' Equity.....	171,764.20	212,865.71
Funded Debt.....	109,000.00	33,000.00
Reserves.....	46,920.12	59,510.29
Surplus or Deficit.....	1,242.21	713.73
	<u>927,442.11</u>	<u>907,289.73</u>

PRODUCING COAL COMPANIES IN THE PROVINCE OF NEW BRUNSWICK  
SUMMARY OF OPERATING RESULTS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
		Tons			Tons			Tons			Tons	
		\$	\$		\$	\$		\$	\$		\$	\$
Tons Sold.....		1,388,510			1,256,843			1,898,303			4,543,656	
Realization.....		5,073,661.57	3.654		4,348,873.28	3.460		8,281,470.16	4.363		17,704,005.01	3.896
<i>Deduct Costs</i>												
Purchased Coal.....				4.897	220,781.67	0.176	5.367	474,329.60	0.250	3.759	695,111.27	0.153
Labour.....	57.287	2,947,217.61	2.122	55.383	2,496,753.45	1.987	53.747	4,750,334.46	2.503	55.131	10,194,305.52	2.245
Material.....	8.040	413,640.02	0.298	8.530	384,567.53	0.306	6.088	538,109.32	0.283	7.227	1,336,316.87	0.294
Power.....	2.038	104,826.46	0.075	1.936	87,292.89	0.069	1.963	173,506.35	0.091	1.977	365,625.70	0.080
Taxes and Rentals.....	0.631	32,438.33	0.023	0.544	24,537.48	0.020	0.499	44,099.70	0.023	0.547	101,075.51	0.022
Royalties.....	3.167	162,937.23	0.117	3.223	145,295.19	0.116	1.870	165,251.09	0.087	2.561	473,483.51	0.104
Workmen's Compensation												
Board.....	3.549	182,596.39	0.132	3.764	169,669.06	0.135	2.606	230,366.58	0.122	3.151	582,632.03	0.128
Other Mining Costs.....	7.529	387,313.58	0.279	5.107	230,246.16	0.183	16.030	1,416,749.70	0.746	11.002	2,034,309.44	0.448
Administration and Overhead.....	11.627	598,174.84	0.431	10.168	458,411.95	0.365	7.473	660,469.94	0.348	9.286	1,717,056.73	0.378
Depreciation.....	93.868	4,829,144.46	3.477	93.552	4,217,555.38	3.357	95.643	8,453,216.74	4.453	94.641	17,499,916.58	3.852
Depletion.....	3.796	195,308.00	0.141	4.122	185,817.95	0.148	2.617	231,337.55	0.122	3.312	612,463.50	0.135
Depletion.....	2.336	120,172.88	0.087	2.326	104,802.68	0.082	1.740	153,755.38	0.081	2.047	378,730.94	0.083
Total Cost.....	100.000	5,144,625.34	3.705	100.000	4,508,176.01	3.587	100.000	8,838,309.67	4.656	100.000	18,491,111.02	4.070
Operating Profit or Loss.....		70,963.77	0.051		159,302.73	0.127		556,839.51	0.293		787,106.01	0.174
Add Sundry Revenue.....		156,609.10	0.113		83,458.69	0.066		256,100.14	0.135		496,167.93	0.110
Subsidies.....								389,135.59	0.205		389,135.59	0.086
Net Profit or Loss, before												
Income Taxes.....		85,645.33	0.062		75,844.04	0.061		88,396.22	0.047		98,197.51	0.022
Deduct Income Taxes.....		17,405.07	0.013		2,225.17	0.002		86,583.19	0.046		106,213.43	0.023
Net Profit or Loss.....		68,240.26	0.049		78,069.21	0.063		1,813.03	0.001		8,015.92	0.001
Depletion is not set up in the books of all Companies. If entered at 10 cents per ton, a further charge would be necessary, of.....		18,678.12	0.013		20,881.62	0.018		36,074.92	0.019		75,634.66	0.017
Making a Net Profit or Loss....		49,562.14	0.036		98,950.83	0.081		34,261.89	0.018		83,650.58	0.018

During the period under review the Minto Coal Company Limited paid \$218,000 in dividends, Welton and Henderson Limited paid dividends of \$39,739, and the Newcastle Coal Company paid the sum of \$25,902.65 as drawings to the proprietor.

### Operating Results

On the previous page is a summary of the profit and loss accounts for the fifteen-year period, which shows these operators have sold 4,543,656 tons or approximately 2 per cent of the total Canadian tonnage. They realized an average of \$3.90 per ton with costs of \$4.09, including full depletion of 10 cents per ton. After sundry revenue and subsidies have been subtracted from the net loss of 19 cents, the result before income taxes is a profit of one-half cent per ton.

On the books of the operators the Minto and Welton and Henderson Companies show profits after income taxes of.....	\$291,063.10
on a capital stock of \$451,000.00, or at the rate of 4.3 per cent per annum.	
W. B. Evans and the Newcastle Coal Company show a total profit of.....	\$ 6,314.89
on a capital of \$75,150.00,	
And the three others show losses totalling.....	305,393.91
Which makes the over-all loss for the field of.....	8,015.92

The cost of mining as between operators, together with a comparison with the sales realization and production per man-day for representative years, is as follows:

#### PROFITABLE OPERATIONS (MINTO AND WELTON AND HENDERSON)

	1930	1935	1939	1944
	\$	\$	\$	\$
Sales—Minto Coal Co. Ltd.....	4.55	3.58	3.57	4.78
—Welton & Henderson Ltd.....	4.30	3.35	3.52	5.63
Costs—Minto Coal Co. Ltd.....	4.31	3.65	3.20	5.81
—Welton & Henderson Ltd.....	4.04	3.40	3.67	6.15
	tons	tons	tons	tons
Production per man-day—Minto Coal Co.....		1.17	1.46	1.38
—Welton & Henderson Ltd.....	1.53	1.42	1.09	1.15

The above figures are before subsidies and sundry revenues.

#### SMALL PROFIT OPERATIONS (EVANS AND NEWCASTLE)

	1930	1935	1939	1944
	\$	\$	\$	\$
Sales—W. B. Evans.....	4.23	3.36	3.48	6.39
—Newcastle Coal Co.....			3.41	5.38
Costs—W. B. Evans.....	3.94	3.55	3.36	6.75
—Newcastle Coal Co.....			3.31	6.86

## NON-PROFITABLE OPERATIONS (THREE)

	1930	1935	1939	1944
	\$	\$	\$	\$
Sales.....	3.65	3.23	3.61	5.50
	4.29	3.06	3.12	5.30
		3.44	3.56	5.43
Costs.....	3.36	3.38	3.70	7.46
	4.11	2.88	3.36	6.33
		3.61	3.74	6.35
	tons	tons	tons	tons
Production per man-day.....	2.00	1.42	1.39	1.70
			1.44	1.16
		1.29	1.25	1.35

*Government Assistance*

Production subsidies have been paid to companies in New Brunswick totalling \$819,378.26 by the Emergency Coal Production Board to March 31, 1946. Of this total, the companies reviewed were paid \$774,131.45 as follows:

Minto Coal Company Limited.....	\$268,955.87
Avon Coal Company.....	145,760.67
W. B. Evans.....	105,167.08
Miramichi Lumber Company Limited.....	88,661.36
King Coal Mines.....	65,233.55
Newcastle Coal Company.....	56,545.45
Welton and Henderson Limited.....	43,807.47
	<u>\$774,131.45</u>

The balance of the subsidies amounting to \$45,246.81 was paid to eight small operators. In addition, a grant of \$1,805.30 was made to a company not included in this survey.

Government loans amounting to \$20,260.93 were outstanding from New Brunswick companies at March 31, 1946.

## SUMMARY

## AVON COAL COMPANY LIMITED, SAINT JOHN, N.B.

## Capital

Authorized—Common.....	\$ 50,000
Preferred.....	100,000

Issued— Common.....	\$ 50,000
Preferred.....	100,000

Consideration for issue of Capital—Cash Properties }.....	\$ 150,000
---	------------

Properties—Net Valuation.....	1930	1944
	\$ 177,290	\$ 117,135
Net Current Position.....	48,752	9,953
Deficit.....	31,516	54,392

## Earnings Record

## Losses—15 years

(a) Before Income Tax.....	\$ 19,314
(b) After Income Tax.....	20,634

## SUMMARY

AVON COAL COMPANY LIMITED, SAINT JOHN, N.B.—*Concluded*

	1930	1935	1939	1944
Annual Profit or Loss				
(a) Before Income Tax.....	\$ 12,267	\$ 260	\$ 659	\$ 9,529
(b) After Income Tax.....	11,445	225	659	9,529
Dividend Record				
Total Dividends Paid—15 years.....			Nil	
Depreciation and Depletion				
Total Depreciation (15 years) charged to Operations.....			\$ 251,367	
Total Depletion (15 years) charged to Operations.....			97,787	
Assistance—Emergency Coal Production Board				
Included in Accounts to 1944				
Production Subsidies.....			\$ 83,883	
Total Paid to March 31, 1946				
(a) Production Subsidies.....			\$ 145,761	
(b) Loans.....			8,167	
Production Record				
Total Tonnage—15 years.....			713,136 tons	
	1930	1935	1939	1944
Annual Production (tons).....	40,538	52,360	47,113	47,801
Per Man-Day Production (tons).....	1.99	1.41	1.39	1.69
Sales Realization—per ton.....	\$ 3.65	\$ 3.23	\$ 3.61	\$ 5.50
Total Cost—per ton.....	3.36	3.38	3.71	7.46
Total Cost—per ton—Stripping.....	—	—	—	5.84

## SUMMARY

## W. B. EVANS, MINTO, N.B.

## PROPRIETORSHIP

	1930	1944		
Properties—Net Valuation.....	\$ 5,995	\$ 17,504		
Net Current Position.....	14,896	17,709		
Proprietor's Capital.....	22,960	36,239		
Earnings Record				
Profits—15 years				
Before Income Tax.....	\$ 1,050			
Annual Profit or Loss	1930	1935	1939	1944
Before Income Tax.....	\$ 5,564	\$ 6,710	\$ 3,791	\$ 10,760
Depreciation and Depletion				
Total Depreciation (15 years) charged to Operations.....			\$ 70,450	
Total Depletion (15 years) charged to Operations.....			45,582	
Assistance—Emergency Coal Production Board				
Included in Accounts to 1944				
(a) Production Subsidies.....			\$ 83,334	
(b) Loans.....			18,569	
Total Paid to March 31, 1946				
(a) Production Subsidies.....			\$ 105,167	
(b) Loans.....			11,354	

## SUMMARY

W. B. EVANS, MINTO, N.B.—*Concluded*

## Production Record

Total Tonnage—15 years.....	481,620 tons			
	1930	1935	1939	1944
Annual Production (tons).....	19,230	35,349	32,491	35,766
Per Man-Day Production (tons).....	—	1.05	1.36	1.18
Sales Realization—per ton.....	\$ 4.03	\$ 3.35	\$ 3.43	\$ 5.02
Total Cost—per ton.....	3.94	3.55	3.36	6.75

## SUMMARY

KING COAL MINES, CHIPMAN, N.B.

Commenced 1933

## PROPRIETORSHIP

	1933	1944
Properties—Net Valuation.....	\$ 23,195	\$ 26,719
Net Current Position.....	727	26,634
Proprietor's Capital.....	23,922	85

## Earnings Record

Losses—12 years—Before Income Tax.....\$ 27,081

Annual Profit or Loss	1935	1939	1944
(a) Before Income Tax.....	\$ 2,998	\$ 5,336	\$ 3,090

## Depreciation and Depletion

Total Depreciation (12 years) charged to Operations.....\$ 21,825  
 Total Depletion (12 years) charged to Operations.....27,375

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944

Production Subsidies.....\$ 38,213

Total Paid to March 31, 1946

Production Subsidies.....\$ 65,234

## Production Record

Total Tonnage—12 years..... 239,075 tons

	1935	1939	1944
Annual Production.... (tons).....	16,423	22,546	22,287
Per Man-Day Production.... (tons).....	—	1.44	1.16
Sales Realization—per ton.....	\$ 3.06	\$ 3.12	\$ 5.30
Total Cost—per ton.....	2.88	3.36	6.53



## SUMMARY

## MIRAMICHI LUMBER COMPANY LIMITED, MINTO, N.B.

## COAL DIVISION OF LUMBER COMPANY

	1930		1935	1939	1944
Properties—Net Valuation.....	\$ 63,217	\$			\$ 117,446
Net Current Position.....	19,517				20,175
Capital Account.....	148,804				137,629
<b>Earnings Record</b>					
Losses—15 years.....	\$ 156,667				
Annual Profit or Loss	1930	1935	1939	1944	
Before Interest on Investment.....	\$ 1,709	\$ 17,193	\$ 11,815	\$ 131	
<b>Depreciation and Depletion</b>					
Total Depreciation (15 years) charged to Operations.....				\$ 33,027	
Total Depletion (15 years) charged to Operations.....				75,675	
<b>Assistance—Emergency Coal Production Board</b>					
Included in Accounts to 1944					
Production Subsidies.....				\$ 43,861	
Total Paid to March 31, 1946					
Production Subsidies.....				\$ 88,661	
<b>Production Record</b>					
Total Tonnage—15 years.....					898,150 tons
Annual Production (tons).....	1930	1935	1939	1944	
	27,379	68,666	73,962	40,389	
Per Man-day Production (tons).....	—	1.3	1.25	1.35	
Sales Realization—per ton.....	\$ 4.29	\$ 3.44	\$ 3.56	\$ 5.43	
Total Cost—per ton.....	4.11	3.61	3.74	6.33	

## SUMMARY

## MINTO COAL COMPANY LIMITED, MINTO, N.B.

<b>Capital</b>					
Issued—Common.....					\$ 400,000
Consideration for issue of					
Capital—Cash					\$ 400,000
Properties					
Properties—Net Valuation.....			1930	1944	
Net Current Position.....			\$ 375,667	\$ 158,417	
Surplus.....			55,350	227,278	
			19,379	1,337	
<b>Earnings Record</b>					
Profits—15 years					
(a) Before Income Tax.....			\$ 269,668		
(b) After Income Tax.....			180,978		
Annual Profit or Loss	1930	1935	1939	1944	
(a) Before Income Tax.....	\$ 12,736	\$ 1,131	\$ 38,223	\$ 7,649	
(b) After Income Tax.....	11,706	1,131	32,545	7,649	

## SUMMARY

MINTO COAL COMPANY LIMITED, MINTO, N.B.—*Concluded*

## Dividend Record

Total Dividends Paid—15 years..... \$ 218,000  
 Rate on Capital 3.6 per cent. Payments made in 11 years at rates varying from 2 per cent to 12½ per cent.

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations..... \$ 235,172  
 Total Depletion (15 years) charged to Operations..... 136,590

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944

Production Subsidies..... \$ 86,233

Total Paid to March 31, 1946

Production Subsidies..... \$ 268,956

## Production Record

Total Tonnage—15 years..... 1,365,168 tons

	1930	1935	1939	1944
Annual Production (tons).....	78,921	81,250	100,934	97,792
Per Man-day Production (tons).....	—	1.18	1.46	1.38
Sales Realization—per ton.....	\$ 4.55	\$ 3.58	\$ 3.59	\$ 4.78
Total Cost—per ton.....	4.31	3.65	3.20	5.81

## SUMMARY

## NEWCASTLE COAL COMPANY, MINTO, N.B.

Commenced 1939

## PROPRIETORSHIP

	1939	1944
Properties—Net Valuation.....	\$ 73,160	\$ 49,378
Net Current Position.....	17,603	10,640
Proprietor's Capital.....	55,558	38,912

## Earnings Record

Losses—6 years..... \$ 4,013

	1939	1944
Annual Profit or Loss.....	\$ 1,981	\$ 4,655

Proprietors' Drawings..... \$ 25,903

## Depreciation and Depletion

Total Depreciation (6 years) charged to Operations..... \$ 14,021  
 Total Depletion (6 years) charged to Operations..... 21,979

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944

Production Subsidies..... \$ 23,453

Total Paid to March 31, 1946

Production Subsidies..... \$ 56,545

## Production Record

Total Tonnage—6 years..... 140,207 tons

	1939	1944
Annual Production (tons).....	27,686	18,949
Sales Realization—per ton.....	\$ 3.41	\$ 5.38
Total Cost—per ton.....	3.34	6.86

## SUMMARY

## WELTON AND HENDERSON LIMITED, MINTO, N.B.

## Capital

Issued—Common .....	\$ 51,200
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Consideration for issue of Capital—Cash .....	\$ 51,200
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	1930	1944
Properties—Net Valuation .....	\$ 19,938	\$ 14,994
Net Current Position .....	41,957	118,727
Surplus .....	10,895	53,769

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$ 102,166
(b) After Income Tax .....	78,596

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 8,757	\$ 5,194	\$ 1,737	\$ 8,118
(b) After Income Tax .....	8,207	4,194	1,737	11,660

## Dividend Record

Total Dividends Paid—15 years .....	\$ 39,739
-------------------------------------	-----------

Rate on Capital over all years is 5 per cent Payments made at 5 per cent one year, 6 per cent for two years, 8 per cent for three years and 30 per cent for one year.

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 8,506
Total Depletion (15 years) charged to Operations .....	19,416

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

(a) Production Subsidies .....	\$ 22,498
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## Total Paid to March 31, 1946

(a) Production Subsidies .....	\$ 43,807
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## Production Record

Total Tonnage—15 years .....	559,847 tons
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	1930	1935	1939	1944
Annual Production (tons) .....	19,655	44,022	51,575	27,160
Per Man-day Production (tons) .....	1.53	1.42	1.09	1.15
Sales Realization—per ton .....	\$ 4.30	\$ 3.35	\$ 3.52	\$ 5.63
Total Cost—per ton .....	4.04	3.40	3.67	6.15

COMPANIES OPERATING IN SASKATCHEWAN

<i>Names of Companies</i>	Tons produced
Eastern Collieries of Bienfait Limited, Estevan (5 years) . . . . .	324,309
Manitoba and Saskatchewan Coal Company, Limited, Bienfait and Tylorton (14 years) . . . . .	3,138,359
The Roche Percée Coal Mining Company Limited, Roche Percée (5 years) . . . . .	373,839
Western Dominion Coal Mines Limited, Tylorton (6 years) . . . . .	3,879,119
	<u>7,715,626</u>

There are a large number of very small companies in Saskatchewan, and also a number which have operated over the period covered, which are now defunct or have reorganized or amalgamated with other companies and the records are not now available.

A comparison of the tonnage produced in Saskatchewan and those covered by the survey follows:

	Total production (D. B. S.)	Companies covered in survey	Percentage
	tons	tons	Per cent
1930-1935 . . . . .	4,888,121	627,897	12.8
1936-1939 . . . . .	4,052,306	882,573	21.8
1940-1944 . . . . .	6,887,368*	6,205,156	90
	<u>15,827,795</u>	<u>7,715,626</u>	<u>48.7</u>

\* Estimate.

As the figures are not available for the earlier years, a comparative summary of the financial position of these companies as at 1940 and 1944 is shown here-under:

	1940	1944
	\$	\$
<i>Assets</i>		
Properties, including coal lands . . . . .	3,091,192.07	3,590,313.61
Less reserve for depreciation and depletion . . . . .	689,463.50	1,984,690.61
	<u>2,401,728.57</u>	<u>1,605,623.00</u>
Deferred . . . . .	14,936.93	34,082.29
Net current position, including investments . . . . .	89,136.34	641,181.70
	<u>2,505,801.84</u>	<u>2,280,886.99</u>

	1940	1944
	\$	\$
<i>Liabilities</i>		
Share capital.....	2,009,719.00	2,012,719.00
Funded debt and deferred liabilities.....	469,780.00	176,113.10
Surplus.....	26,302.84	92,054.89
	2,505,801.84	2,280,886.99

Manitoba and Saskatchewan Coal Company Limited and Western Dominion Coal Mines Limited have a fairly strong current position as at 1944, having some \$726,000 in current assets; while the other two companies show an excess of current liabilities over assets of \$85,000 and are consequently in a serious financial position.

#### *Government Assistance*

The following government assistance has been received by these companies:

Company	Production subsidy finalized to 1944	Additional production subsidy to March 31, 1946	Grants
	\$	\$	\$
Manitoba and Saskatchewan.....	190,667.56	51,556.05	1,760.83
Roche Percée.....	21,050.98		
Eastern Collieries.....	10,790.55	12,625.05	
Western Dominion.....			74,128.97
	222,509.09	64,181.10	75,889.80

Other companies operating in Saskatchewan and not included in this survey received government assistance in the amount of \$94,563.35. The total of all government subsidies and grants is \$457,143.34, and in addition there were loans outstanding at March 31, 1946, amounting to \$132,840.53.

On the facing page is a summary of the operating statements of these companies for the three periods under review. The Saskatchewan operations are mainly stripping. The tonnage from stripping was 7,023,786 and from deep seam 691,840 tons.

Both the mined and stripped coal has a very low realizable value, averaging \$1.29 over the fifteen years. The average cost is \$1.32, including full depletion of 10 cents per ton for an over-all loss of 3 cents per ton. After sundry revenue and subsidies are taken into account, the average profit is 1.4 cents per ton before income tax, and 0.2 cents per ton after income taxes are deducted.

The Eastern and Roche Percée Companies show a loss in every year, varying from 2 cents to 37 cents per ton. The Manitoba and Saskatchewan Company, while making profits in the war years, shows a total loss over the period of some \$12,000, and the Western Dominion shows a profit earned in the war years of approximately \$90,000.

**PRODUCING COAL COMPANIES IN THE PROVINCE OF SASKATCHEWAN**  
**SUMMARY OF OPERATING RESULTS—1930 TO 1944**

	1930 to 1935 (One Company)			1936 to 1939 (One Company)			1940 to 1944 (Four Companies)			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
Tonnage Sold.....		Tons 612,173			Tons 800,183			Tons 6,077,163			Tons 7,489,519	
Realization.....		\$ 913,125.54	\$ 1.492		\$ 1,144,931.23	\$ 1.431		\$ 7,589,529.28	\$ 1.247		\$ 9,647,586.05	\$ 1.286
<i>Deduct Costs</i>												
Labour.....	42.447	396,495.80	0.648	38.847	442,762.60	0.553	24.372	1,895,257.42	0.312	27.761	2,734,515.82	0.365
Material.....	9.327	87,123.38	0.142	13.180	150,222.70	0.188	9.858	766,557.13	0.126	10.192	1,003,903.21	0.134
Tipple and Railroad Costs.....							17.020	1,323,497.50	0.217	13.436	1,323,497.50	0.176
Underground Mine Expense.....							12.008	933,740.96	0.153	9.479	933,740.96	0.125
Power.....	5.607	52,375.72	0.086	6.617	75,421.07	0.094	4.062	315,897.41	0.053	4.504	443,694.20	0.059
Taxes and Rentals.....	1.611	15,052.55	0.025	0.863	9,838.04	0.012	0.266	20,675.98	0.003	0.463	45,566.57	0.006
Royalties.....				2.249	25,635.99	0.032	0.956	74,322.49	0.013	1.015	99,958.48	0.013
Workmen's Compensation Board.....	1.794	16,761.58	0.027	2.918	33,258.27	0.042	1.056	82,107.99	0.013	1.341	132,127.84	0.018
Other Mining Costs.....	7.708	71,998.79	0.118	5.320	60,632.75	0.076	2.535	197,098.34	0.032	3.347	329,729.88	0.044
Administration and Overhead.....	19.103	178,434.57	0.291	16.729	190,666.44	0.238	8.794	683,866.40	0.112	10.690	1,052,967.41	0.140
Depreciation.....	87.597	818,242.39	1.337	86.723	988,437.86	1.235	80.927	6,293,021.62	1.034	82.228	8,099,701.87	1.080
Depletion.....	8.167	76,290.86	0.125	5.534	63,069.65	0.079	11.437	889,345.93	0.146	10.444	1,028,706.44	0.137
	4.236	39,500.68	0.064	7.743	88,257.28	0.111	7.636	593,876.14	0.098	7.328	721,694.10	0.095
Total Cost.....	100.000	934,093.93	1.526	100.000	1,139,764.79	1.425	100.000	7,776,243.69	1.278	100.000	9,850,102.41	1.312
Operating Profit or Loss.....		20,968.89	0.034		5,166.44	0.006		186,714.41	0.031		202,516.36	0.026
Add Sundry Revenue.....		43,748.07	0.071		43,993.71	0.055		155,006.16	0.025		242,747.94	0.032
Subsidy.....								222,509.09	0.037		222,509.09	0.029
Profit.....		22,779.68	0.037		49,160.15	0.061		190,800.84	0.031		262,740.67	0.035
Deduct Bond Interest.....		60,450.00	0.099		36,940.00	0.046		30,340.00	0.005		127,730.00	0.017
Profit or Loss before Income Taxes.....		37,670.32	0.062		12,220.15	0.015		160,460.84	0.026		135,010.67	0.018
Deduct Income Taxes.....		654.74	0.001		9,629.98	0.012		80,649.45	0.013		90,934.17	0.012
Net Profit or Loss.....		38,325.06	0.063		2,590.17	0.003		79,811.39	0.013		44,076.50	0.006
Depletion is not set up in the books of all Companies. If entered at 10 cents per ton, a further charge would be necessary, of.....		21,656.62	0.036		8,238.98	0.011		14,840.16	0.002		28,257.80	0.004
Making a Net Profit or Loss of.....		59,981.68	0.099		10,829.15	0.014		64,971.23	0.011		15,818.70	0.002

A comparison of the production and cost per ton for the individual companies is as follows:

	Man-day production	Cost per ton		Sales per ton	
	tons	\$		\$	
<b>Manitoba and Saskatchewan Company—</b>					
1931 .....	4.69	1.58		1.66	
1932 .....	5.83	1.50		1.46	
1933 .....	5.79	1.55		1.48	
1934 .....	6.40	1.54		1.46	
1935 .....	6.41	1.41		1.42	
1936 .....	6.62	1.32		1.55	
1937 .....	5.75	1.60		1.47	
1938 .....	5.35	1.45		1.39	
1939 .....	6.19	1.34		1.31	
1940 .....	6.96	1.48		1.28	
1941 .....	8.15	1.26		1.28	
1942 .....	8.13	1.22		1.24	
1943 .....	7.05	1.56		1.55	
1944 .....	9.09	1.84		1.40	
<b>Eastern Collieries—</b>					
1940 .....	6.7	1.68		1.31	
1941 .....	10.5	1.25		1.22	
1942 .....	10.5	1.25		1.21	
1943 .....	10.0	1.44		1.36	
1944 .....	14.0	1.57		1.49	
<b>Roche Percée—</b>					
1940 .....		1.20		1.09	
1941 .....		1.16		1.14	
1942 .....		1.17		1.13	
1943 .....		1.25		1.22	
1944 .....	13.0	1.55		1.29	
		Mined Coal		Stripping Coal	
		Cost per ton	Sales per ton	Cost per ton	Sales per ton
		\$	\$	\$	\$
<b>Western Dominion—</b>					
1940 .....		1.20	1.09	0.66	1.09
1941 .....	9.64	1.15	1.29	0.65	1.06
1942 .....	10.62	2.09	1.37	0.61	1.09
1943 .....	9.94	1.89	1.35	0.62	1.16
1944 .....	11.87	1.59	1.49	0.65	1.26
1945 .....	12.28	1.62	1.45	0.76	1.29

SUMMARY

EASTERN COLLIERIES OF BIENFAIT LIMITED, ESTEVAN, SASKATCHEWAN

Capital			
Issued—Common .....	\$ 92,719		
Consideration for issue of			
Capital—Cash	\$ 92,719		
Properties } .....			
Properties—Net Valuation .....	\$	1944	112,694
Net Current Position .....			409
Deficit .....			29,407
Earnings Record			
Profits or Losses—5 years .....	\$ 13,562		
Annual Profit or Loss .....	\$	1940	1944
	7,827		\$ 3,903
Dividend Record			
Total Dividends Paid—5 years .....		Nil	
Depreciation and Depletion			
Total Depreciation (5 years) charged to Operations .....	\$ 38,954		
Total Depletion (5 years) charged to Operations .....	14,817		
Assistance—Emergency Coal Production Board			
Included in Accounts to 1944			
(a) Production Subsidies .....	\$ 10,790		
(b) Loan .....	17,868		
Total Paid to March 31, 1946			
(a) Production Subsidies .....	\$ 23,416		
(b) Loan .....	8,934		
Production Record			
Total Tonnage—5 years .....	324,309 tons		
Annual Production (tons) .....		1940	1944
		22,195	92,167
Per Man-Day Production (tons) .....		6.7	14.0
Sales Realization—per ton .....	\$ 1.31		\$ 1.49
Total Cost—per ton .....	1.68		1.57



## SUMMARY

MANITOBA AND SASKATCHEWAN COAL COMPANY LIMITED  
BIENFAIT AND TAYLORTON, SASKATCHEWAN

## Capital

Issued—Common .....	\$1,000,000
---------------------	-------------

Consideration for issue of Capital—Cash Properties } .....	\$1,000,000
--	-------------

	1931	1944
Properties—Net Valuation .....	\$1,265,518	\$ 949,825
Net Current Position .....	23,258	202,705
Surplus .....	17,269	51,640

## Earnings Record

Profits or *Losses*—14 years

(a) Before Income Tax .....	\$ 34,971
(b) After Income Tax .....	12,731

## Annual Profit or Loss

	1931	1935	1939	1944
(a) Before Income Tax .....	\$ 7,098	\$ 3,931	\$ 964	\$ 22,362
(b) After Income Tax .....	6,443	3,931	764	13,362

## Dividend Record

Total Dividends Paid—14 years .....	\$ 41,250
Rate on Capital—2 years at 3½ per cent, 1 year at 1½ per cent, and 1 year at 1½ per cent.	

## Depreciation and Depletion

Total Depreciation (14 years) charged to Operations .....	\$ 230,805
Total Depletion (14 years) charged to Operations .....	288,507

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944

Production Subsidies .....	\$ 191,051
----------------------------	------------

Total Paid to March 31, 1946

(a) Production Subsidies .....	\$ 242,224
(b) Grants .....	1,761
(c) Loans .....	112,032

## Production Record

Total Tonnage—14 years .....	3,138,359 tons
------------------------------	----------------

	1931	1935	1939	1944
Annual Production (tons) .....	105,478	134,361	242,363	442,538
Per Man-Day Production (tons) .....	4.7	6.4	6.2	9.1
Sales Realization—per ton .....	\$ 1.66	\$ 1.42	\$ 1.31	\$ 1.40
Total Cost—per ton .....	1.58	1.41	1.33	1.82

## SUMMARY

ROCHE PERCÉE COAL MINING COMPANY LIMITED,  
ROCHE PERCÉE, SASKATCHEWAN

Incorporated 1939

<b>Capital</b>		
Issued—Common .....	\$ 20,000	
Consideration for issue of Capital—Cash Properties } .....	\$ 20,000	
		1944
Properties—Net Valuation .....	\$ 16,595	
Net Current Position .....		22,779
Deficit .....		37,186
<b>Earnings Record</b>		
Profits or Losses—5 years		
(a) Before Income Tax .....	\$ 16,087	
(b) After Income Tax .....	16,087	
<b>Annual Profit or Loss</b>		1944
(a) Before Income Tax .....	\$ 6,008	
(b) After Income Tax .....		6,008
<b>Dividend Record</b>		
Total Dividends Paid—5 years .....	Nil	
<b>Depreciation and Depletion</b>		
Total Depreciation (5 years) charged to Operations .....	\$ 27,285	
Total Depletion (5 years) charged to Operations .....	30,458	
<b>Assistance—Emergency Coal Production Board</b>		
Included in Accounts to 1944		
Production Subsidies Receivable .....	\$ 21,051	
Total Paid to March 31, 1946		
Production Subsidies .....	\$ 21,051	
<b>Production Record</b>		
Total Tonnage—5 years .....	373,839 tons	
		1944
Annual Production (tons) .....		105,821
Per Man-Day Production (tons) .....		21
Sales Realization—per ton .....	\$ 1.30	
Total Cost—per ton .....		1.55

## SUMMARY

## WESTERN DOMINION COAL MINES LIMITED, TAYLORTON, SASKATCHEWAN

Incorporated 1936; Re-organized 1939

Capital			
Issued—Common .....	\$	400,000	
Preferred .....		500,000	
Consideration for issue of			
Capital—Cash .....	\$	48,000	
Properties .....		852,000	
Properties—Net Valuation .....	\$		1945
Net Current Position .....			\$ 526,510
Surplus .....			523,524
			106,999
Earnings Record			
Profits—6 years			
(a) Before Income Tax .....	\$	130,076	
(b) After Income Tax .....		89,220	
Annual Profit or Loss			
		1940	1945
(a) Before Income Tax .....	\$	15,949	\$ 1,148
(b) After Income Tax .....		15,949	1,148
Dividend Record			
Total Dividends Paid—6 years .....		Nil	
Depreciation and Depletion			
Total Depreciation (6 years) charged to Operations .....	\$	736,573	
Total Depletion (6 years) charged to Operations .....		387,912	
Assistance—Emergency Coal Production Board			
Included in Accounts to 1944			
Production Subsidies .....		Nil	
Total Paid to March 31, 1946			
Grants .....	\$	74,129	
Production Record			
Total Tonnage—6 years .....			3,879,119 tons
		1940	1945
Annual Production (tons) .....		461,702	718,870
Per Man-Day Production (tons) .....		—	12
Sales Realization—per ton			
Stripping Coal .....	\$	1.09	\$ 1.28
Mined Coal .....		1.09	1.45
Total Cost—per ton			
Stripping Coal .....		0.66	0.76
Mined Coal .....		1.20	1.62

REMARKS.—Profits for the years 1941 to 1944 after taxes amounted to \$106,317. Costs per ton, are segregated between stripping and mined coal and do not include charges for administration, depreciation and depletion which are common to all production. These charges average from 35 cents to 40 cents per ton.

## BITUMINOUS MINES OF ALBERTA AND SOUTH EASTERN BRITISH COLUMBIA

There are ten operating companies in this group which, during the period under review, have produced 44,352,111 tons of coal as follows:

Names of Companies	Tons produced during period
Crow's Nest Pass Coal Company Limited, Fernie, B.C. . . . .	9,016,945
Hillcrest-Mohawk Collieries Limited, Bellevue, Alta. (4 $\frac{1}{3}$ years) . . . . .	1,105,687
International Coal and Coke Company Limited, Coleman, Alta. . . . .	4,709,726
McGillivray Creek Coal and Coke Company Limited, Coleman, Alta. . . . .	4,073,700
West Canadian Collieries Ltd., Blairmore and Bellevue, Alta. . . . .	8,079,424
Brazeau Collieries Limited, Nordegg, Alta. . . . .	3,118,317
Cadomin Coal Company Limited, Cadomin, Alta. . . . .	4,687,362
The Canmore Mines Limited, Canmore, Alta. . . . .	3,181,841
Luscar Coals Limited, Luscar, Alta. . . . .	2,844,994
Mountain Park Coals Limited, Mountain Park, Alta. . . . .	3,534,115
	44,352,111

As a whole, these companies have experienced a long and satisfactory earning record. As indicated, there are ten companies in this group which, with one exception, have been in continuous operation over a long period of years. The Crow's Nest and International Companies have coking operations, and Canmore and Brazeau manufacture briquettes either for domestic or locomotive purposes.

The comparative financial position of these companies as at the end of their fiscal year in 1930 and 1944 is shown below.

	1930	1944
	\$	\$
<i>Assets—</i>		
Properties . . . . .	33,953,057.82	39,977,071.98
Less depreciation and depletion . . . . .	12,871,934.01	20,430,539.64
	21,081,123.81	19,546,532.34
Deferred . . . . .	169,546.08	406,770.48
Net current position including investments . . . . .	7,846,062.95	8,753,874.51
	29,096,732.84	28,707,177.33
<i>Liabilities—</i>	\$	\$
<i>Share Capital—</i>		
Common . . . . .	23,414,979.66	24,566,456.66
Preferred . . . . .	450,000.00	320,240.00
Total capital . . . . .	23,864,979.66	24,886,696.66
Funded Debt . . . . .	75,555.00	60,000.00
Reserves . . . . .	1,860,455.31	1,944,658.17
Surplus—Earned . . . . .	2,344,828.51	707,450.14
—Capital . . . . .	950,914.36	1,108,372.36
	29,096,732.84	28,707,177.33

Of the outstanding capital (1944), there was issued:

For coal, lands and properties.....	\$16,301,706.00
For cash.....	7,997,266.00
For stock dividends.....	587,724.66
	<u>\$24,886,696.66</u>

### Financial Position

These bituminous companies were almost wholly financed by the issue of share capital. Dividends during the fifteen-year period have been paid to shareholders as follows:

1930-1935.....	\$ 6,838,703.41	being at an annual average rate of 4.77 per cent on share capital.
1936-1939.....	\$ 2,907,490.65	being at an annual average rate of 3.06 per cent on share capital.
1940-1944.....	\$ 2,585,846.58	being at an annual average rate of 2.08 per cent on share capital.
Total.....	<u>\$12,332,040.64</u>	being at an annual average rate of 3.40 per cent on share capital.

It will be observed from the tabulation of assets and liabilities that these companies are in a strong financial position, as their total net current position amounts to almost \$9,000,000. The accumulation of these funds is indicative of the policy of these operators to be prepared to meet contingencies. The companies are also able, if circumstances warrant, to divert substantial amounts to research work, with a view to possible reduction in mining costs, thereby continuing to maintain their competitive status.

Of the depreciation and depletion reserves provided of some \$13,000,000 over the period, approximately \$4,500,000 have been used to write off obsolete or unused plant, and of the balance about \$6,000,000 have been re-invested in plant. Part of the depletion reserves have been distributed to shareholders as dividends.

### Earnings

The earnings of these companies for the period under review and the return on the employed capital is as under:

Period	Earnings	Percentage of earnings to capital employed
	\$	Per cent
1930-1935.....	3,495,212.15	2.101
1936-1939.....	1,702,211.36	1.623
1940-1944.....	3,290,528.90	2.308
	8,487,952.41	2.051

The capital employed, as referred to above, includes the values placed upon the coal lands, etc., and which in a number of instances were exchanged for shares. These values have been reduced by the accumulation of depreciation and depletion.

BITUMINOUS MINES OPERATING IN ALBERTA AND SOUTH EASTERN BRITISH COLUMBIA  
SUMMARY OF OPERATING RESULTS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
Tonnage Sold or Processed.....		Tons 12,627,154			Tons 10,153,851			Tons 21,583,206			Tons 44,364,211	
Realization.....		\$ 41,888,051.57	\$ 3.317		\$ 28,678,656.97	\$ 2.824		\$ 67,793,507.18	\$ 3.141		\$ 138,360,215.72	\$ 3.119
<i>Deduct Costs</i>												
Labour.....	54.577	21,927,522.14	1.737	57.829	16,309,221.73	1.606	60.103	39,249,001.22	1.819	57.963	77,485,745.09	1.747
Material.....	9.111	3,660,644.85	0.290	8.902	2,510,635.13	0.247	11.543	7,537,540.36	0.349	10.255	13,708,820.34	0.309
Power.....	6.732	2,704,871.91	0.214	6.195	1,747,422.62	0.172	5.164	3,372,530.62	0.156	5.853	7,824,825.15	0.176
Taxes and Rentals.....	1.988	798,591.94	0.063	2.295	647,195.19	0.064	1.269	828,583.81	0.038	1.701	2,274,370.94	0.051
Royalties.....	2.104	845,485.54	0.067	1.870	527,265.67	0.052	1.788	1,167,315.66	0.054	1.900	2,540,066.87	0.057
Workmen's Compensation												
Board.....	2.162	868,477.60	0.069	3.161	891,540.94	0.088	4.674	3,052,460.90	0.142	3.600	4,812,479.44	0.109
Other Mining Costs.....	3.027	1,216,102.32	0.096	2.012	567,435.01	0.056	2.305	1,505,357.10	0.070	2.460	3,288,894.43	0.074
Administration and Overhead	9.231	3,708,661.64	0.294	7.207	2,032,546.33	0.200	4.830	3,154,069.22	0.146	6.654	8,895,277.19	0.200
	88.932	35,730,357.94	2.830	89.471	25,233,262.62	2.485	91.676	59,866,858.89	2.774	90.386	120,830,479.45	2.723
Depreciation.....	8.290	3,330,709.55	0.263	7.134	2,011,778.82	0.198	5.128	3,348,317.84	0.155	6.501	8,690,806.21	0.196
Depletion.....	2.778	1,115,887.40	0.088	3.395	957,318.85	0.094	3.196	2,087,341.23	0.097	3.113	4,160,547.48	0.094
Total Cost.....	100.000	40,176,954.89	3.181	100.000	28,202,360.29	2.777	100.000	65,302,517.96	3.026	100.000	133,681,833.14	3.013
Operating Profit.....		1,711,096.68	0.136		476,296.68	0.047		2,490,989.22	0.115		4,678,382.58	0.106
Add Sundry Revenue.....		2,241,742.19	0.177		1,308,901.39	0.129		2,039,393.79	0.095		5,590,037.37	0.126
Coke and Briquette Profits		109,867.78	0.009		361,165.82	0.036		1,057,711.62	0.049		1,528,745.22	0.034
Subsidies.....								195,624.54	0.009		195,624.54	0.004
Net Profit.....		4,062,706.65	0.322		2,146,363.89	0.212		5,783,719.17	0.268		11,992,789.71	0.270
Deduct Income Taxes.....		567,494.50	0.045		444,152.53	0.044		2,493,190.27	0.116		3,504,837.30	0.079
Net Profit.....		3,495,212.15	0.277		1,702,211.36	0.168		3,290,528.90	0.152		8,487,952.41	0.191

*Production*

Production for the period has been as follows:

Period	Total production	Average annual production
	tons	tons
1930-1935.....	12,670,538	2,111,756
1936-1939.....	10,142,447	2,535,612
1940-1944.....	21,539,126	4,307,825
	44,352,111	2,956,807

It is worthy of note that these mines, in a national emergency during the war years when the demand for coal was at a peak, were able to almost double their previous output.

These bituminous mines produce approximately one-quarter of the present total Canadian production.

In order to permit of comparison of production in tons per man-day and the relation of per man-day output to costs, a tabulation of each is given hereunder:

	Tons per man-day		Per ton cost		Average per ton cost	
	Highest	Lowest	Highest	Lowest	Highest	Lowest
			\$	\$	\$	\$
1932.....	4.41	2.59	4.545	2.603		
1933.....	4.09	2.52	4.607	2.721		
1934.....	4.40	2.94	4.007	2.571		
					(1930-1935)	
1935.....	4.10	2.84	4.385	2.464	3.923	2.877
1936.....	4.30	2.95	3.646	2.403		
1937.....	4.39	3.08	3.198	2.473		
1938.....	3.98	3.10	3.325	2.479		
					(1936-1939)	
1939.....	4.60	3.15	3.399	2.355	3.363	2.483
1940.....	4.80	3.34	3.260	2.350		
1941.....	4.50	3.04	2.878	2.371		
1942.....	4.30	3.02	3.316	2.550		
1943.....	4.15	2.88	4.107	2.766		
					(1940-1944)	
1944.....	4.32	2.68	4.361	3.097	3.571	2.790

In the thirteen years for which all figures are available the company which had the highest production per man-day in eight of the years also had the lowest per ton cost, and in four years the company with the lowest production had the highest per ton cost. It, therefore, follows that the man-day production has a vital bearing on costs.

*Summary of Operations*

On the previous page is a summary of the operations of these bituminous companies for the period 1930-1944, inclusive.

During the fifteen-year period under review these 10 companies sold a total of 44,364,211 tons of coal, which had a realization of \$138,360,215.72, or \$3.12 per ton. The cost of recovering the coal totalled \$133,681,833.14, or \$3.01 per

ton, leaving a profit of \$4,678,382.58 on coal operations, or 3.38 per cent on sales, which equals 10.6 cents per short ton.

The total cost shown above is further analyzed as follows:

	Per cent of cost	Amount	Per ton
		\$	\$
Wages.....	57.963	77,485,745.09	1.747
Material cost.....	10.255	13,708,820.34	0.309
Power cost.....	5.853	7,824,825.15	0.176
Taxes and rentals.....	1.701	2,274,370.94	0.051
Royalties.....	1.900	2,540,066.87	0.057
Workmen's Compensation Board.....	3.600	4,812,479.44	0.109
Other mining charges, including insurance, etc.....	2.460	3,288,894.43	0.074
Administration and overhead.....	6.654	8,895,277.19	0.200
	90.386	120,830,479.45	2.723
Depreciation.....	6.501	8,690,806.21	0.196
Depletion.....	3.113	4,160,547.48	0.094
Total.....	100.000	133,681,833.14	3.013

	Amount \$	Per Ton \$
To the profit on coal operations of.....	4,678,382.58	0.106
there must be added sundry revenue of.....	5,590,037.37	0.126
which includes the net earnings of utilities, light, water, etc., sundry rentals, profits on stores, interest and investment earnings, etc.		
and a profit on coking and briquetting of.....	1,528,745.22	0.034
together with subsidies of.....	195,624.54	0.004
making a total net profit of.....	11,992,789.71	0.270
On the above profits there has been paid income taxes of.....	3,504,837.30	0.079
leaving a balance of.....	8,487,952.41	0.191
available for dividends to shareholders and working capital.		

It will be observed that approximately \$4,000,000 more has been paid in dividends during this period than the net income. These additional dividends have been paid from accumulated surpluses and depletion reserves.

### Sales and Costs

Using the 1936-1939 period as the base of 100, sales realization for the depression period (1930-1935) was 117.4 and costs 111.2.

During the war period comparable index figures were—sales 114.5 and costs 109. It will, therefore, be observed that the relation of realization to costs remains very constant over the whole of the fifteen-year period.

Per-ton costs which vary considerably with these companies are to a large extent governed by the physical difficulties or advantages of the properties, together with the degree to which the mines are mechanized.

### Market

As the demands of the railways provide a market for approximately 75 per cent of the bituminous coal produced, these operators have had in the war years the advantage of a consistent monthly market. The increased demand of these years has resulted in a substantial increase in the days worked, and consequently in the annual production. It is, therefore, evident that, given a suitable and adequate market, by means of the present subvention assistance programme, the bituminous operations of Western Canada can be carried on successfully.



*Government Assistance*

The matter of transportation subventions paid by the Dominion Government is dealt with in a separate chapter of this report, as in most instances the moneys were not received by the producing companies.

Production subsidies, however, were paid by the Emergency Coal Production Board direct to the producer. During the period of such payments, the Brazeau Company claimed subsidies in the sum of \$155,625, in respect of the year 1942, of which \$147,231.70 was paid, while the Cadomin Company received assistance to the extent of \$40,000 to be used in new development. The Hillcrest-Mohawk Company received loans from the Board, of which at the end of 1944 there was outstanding the amount of \$60,000. At March 31, 1946, the liability was reduced to \$33,000.

With the exception of the foregoing, the Emergency Coal Production Board have not paid any further production subsidies to the western bituminous operators up to March 31, 1946.

*Record of Individual Companies*

In tabulated form, significant particulars of the capital structure and operating record of each of the bituminous operators are attached hereto:

## SUMMARY

## CROW'S NEST PASS COAL COMPANY LIMITED, FERNIE, B.C.

Incorporated 1897

Capital					
Authorized—Common.....				\$ 10,000,000	
Issued—Common.....				\$ 6,212,667	
Consideration for issue of					
Capital—Cash.....				\$ 4,368,850	
Properties.....				1,500,000	
Sundry—Stock Dividend.....				343,817	
			1930		1944
Properties—Net Valuation.....	\$	3,908,930		\$ 3,792,247	
Net Current Position.....		2,270,004		1,580,310	
Surplus or Deficit.....		2,985		800,560	
Earnings Record					
Profits—15 years					
(a) Before Income Tax.....	\$	4,098,095			
(b) After Income Tax.....		2,744,460			
Annual Profit or Loss		1930	1935	1939	1944
(a) Before Income Tax.....	\$	177,492	\$ 242,433	\$ 199,675	\$ 261,078
(b) After Income Tax.....		166,882	215,441	164,132	158,665
Dividend Record					
Total Dividends Paid—15 years.....	\$	3,602,842		(\$1,340,632 from Reserves)	
Rate on Capital—(3 per cent to 7 per cent annually).....			3.86 per cent		
Depreciation and Depletion					
Total Depreciation (15 years) charged to Operations.....	\$	1,703,188			
Total Depletion (15 years) charged to Operations.....			901,690		
Assistance—Emergency Coal Production Board					
Included in Accounts to 1944					
(a) Production Subsidies.....				Nil	
Total Paid to March 31, 1946					
(a) Production Subsidies.....				Nil	

## SUMMARY

CROW'S NEST PASS COAL COMPANY LIMITED, FERNIE, B.C.—*Concluded*

Production Record				
Total Tonnage—15 years—Coal.....				9,016,945 tons
	1930	1935	1939	1944
Annual Production (tons).....	452,730	444,794	600,551	1,002,410
Per Man-Day Production (tons)	—	4.1	4.3	3.8
Sales Realization—per ton				
Coal.....	\$ 3.586	\$ 2.896	\$ 2.743	\$ 3.703
Coke.....	3.984	5.932	5.712	8.149
By-Products.....	—	—	5.725	8.254
Total Cost—per ton				
Coal.....	3.751	2.565	2.598	3.714
Coke.....	3.659	4.455	4.969	7.184

## SUMMARY

## HILLCREST-MOHAWK COLLIERIES LIMITED, BELLEVUE, ALBERTA

Incorporated 1939

Capital				
Authorized—Common.....				\$ 1,140,000
Preferred.....				110,000
				<u>1,250,000</u>
Issued—Common.....				\$ 1,140,000
Preferred.....				80,000
				<u>1,220,000</u>
Consideration for issue of Capital—Properties.....				\$ 1,220,000
				<u>1,220,000</u>
			1944	
Properties—Net Valuation.....				\$ 1,290,434
Net Current Position.....				121,751
Surplus.....				105,559
Earnings Record				
Profits—5 years				
(a) Before Income Tax.....				\$ 250,808
(b) After Income Tax.....				156,606
	1941	1942	1943	1944
Annual Profit or Loss				
(a) Before Income Tax.....	\$ 39,776	\$ 84,894	\$ 49,700	\$ 55,893
(b) After Income Tax.....	26,180	52,280	31,164	33,031
Dividend Record				
Total Dividends Paid—5 years:.....				\$ 20,000 in 1942
Depreciation and Depletion				
Total Depreciation (5 years) charged to Operations.....				\$ 131,786
Total Depletion (5 years) charged to Operations.....				43,303
				<u>88,483</u>
Assistance—Emergency Coal Production Board				
Included in Accounts to 1944				
(a) Production Subsidies.....				\$ Nil
(b) Capital Loan.....				60,000
				<u>60,000</u>
Total Paid to March 31, 1946				
(a) Production Subsidies.....				\$ Nil
(b) Capital Loan.....				33,000
				<u>33,000</u>
Production Record				
Total Tonnage—5 years—Coal.....				1,105,686 tons
	1941	1942	1943	1944
Annual Production (tons).....	196,241	290,208	281,084	277,938
Per Man-Day Production (tons)	3.93	4.24	3.72	3.64
Sales Realization—per ton.....	\$ 2.76	\$ 2.86	\$ 3.02	\$ 3.65
Total Cost—per ton.....	2.57	2.58	2.86	3.46

## SUMMARY

## INTERNATIONAL COAL AND COKE COMPANY LIMITED, COLEMAN, ALBERTA

Incorporated 1902, U.S.A. Re-incorporated 1919

## Capital

Authorized—Common .....	\$ 3,000,000
Issued—Common .....	\$ 3,000,000
Consideration for issue of Capital—Cash .....	\$ 270,000
Properties .....	2,730,000

	1930	1944
Properties—Net Valuation .....	\$ 2,573,162	\$ 2,486,564
Net Current Position .....	603,407	1,108,288
Surplus .....	118,296	291,737

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$ 1,342,925
(b) After Income Tax .....	959,994

## Annual Profit

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 24,520	\$ 23,867	\$ 181,722	\$ 161,250
(b) After Income Tax .....	22,843	22,163	143,919	89,048

## Dividend Record

Total Dividends Paid—15 years .....	\$ 930,000
Rate on Capital—3 per cent from 1937 to 1944; 2 per cent in two prior years and 1 per cent in three years.	

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 648,825
Total Depletion (15 years) charged to Operations .....	470,972

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

(a) Production Subsidies .....	Nil
--------------------------------	-----

## Total Paid to March 31, 1946

(a) Production Subsidies .....	Nil
--------------------------------	-----

## Production Record

## Total Tonnage—15 years

Coal .....	4,709,726 tons
Coke .....	787,217 tons

	1930	1935	1939	1944
Annual Production (tons) .....	186,782	321,721	353,551	425,958
Per Man-Day Production (tons) .....	2.93	2.93	3.85	3.53
Sales Realization—per ton				
Coal .....	\$ 3.50	\$ 2.76	\$ 2.74	\$ 3.82
Coke .....	—	5.56	5.50	7.16
Total Cost—per ton				
Coal .....	3.55	2.77	2.35	3.51
Coke .....	—	5.67	4.88	6.93

## SUMMARY

## McGILLIVRAY CREEK COAL AND COKE COMPANY LIMITED, COLEMAN, ALBERTA

## Capital

Authorized—Common .....\$ 3,000,000

Issued—Common .....\$ 2,682,992

## Consideration for issue of

Capital—Cash.....\$ 141,394  
 Properties.....2,297,690  
 Sundry—Stock Dividend.....243,908

	1930	1944
Properties—Net Valuation.....	\$ 2,078,739	\$ 1,556,410
Net Current Position.....	347,629	538,906
Deficit.....	226,917	523,158

## Earnings Record

## Profits—15 Years

(a) Before Income Tax.....\$ 984,970  
 (b) After Income Tax.....796,197

Annual Profit	1930	1935	1939	1944
(a) Before Income Tax.....	\$ 152,745	\$ 92,184	\$ 96,304	\$ 6,610
(b) After Income Tax.....	140,356	77,841	78,700	3,606

## Dividend Record

Total Dividends Paid—15 years.....\$ 1,140,271  
 Rate on Capital.....2.8 per cent

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations.....\$ 506,829  
 Total Depletion (15 years) charged to Operations.....407,368

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

(a) Production Subsidies.....\$ Nil

## Total Paid to March 31, 1946

(a) Production Subsidies.....\$ Nil

## Production Record

Total Tonnage—15 years—Coal.....4,073,700 tons

	1930	1935	1939	1944
Annual Production (tons).....	276,440	312,791	297,524	249,813
Per Man-Day Production (tons)	3.00	3.12	3.40	2.82
Sales Realization—per ton.....	\$ 3.57	\$ 2.73	\$ 2.69	\$ 3.93
Total Cost—per ton.....	3.06	2.46	2.41	3.96

## SUMMARY

## WEST CANADIAN COLLIERIES LIMITED, BLAIRMORE, ALBERTA

Incorporated 1903

## Capital

Authorized—Common .....	£	720,000
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Issued—Common .....	£	680,718
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## Consideration for issue of

Capital—Cash .....	\$	198,162
Properties .....		3,114,666

	1930	1944
Properties—Net Valuation .....	\$ 3,843,820	\$ 2,953,147
Net Current Position .....	794,527	1,305,970
Surplus .....	69,827	216,065
Reserves .....	1,256,179	730,224

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$	360,632
(b) After Income Tax .....		205,364

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 3,564	\$ 2,960	\$ 8,730	\$ 87,545
(b) After Income Tax .....	738	6,96£	4,158	87,545

## Dividend Record

Total Dividends Paid—15 years .....	\$	676,000
-------------------------------------	----	---------

Rate on Capital—1.25 per cent to 6.25 per cent paid for seven years.

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$	2,142,240
Total Depletion (15 years) charged to Operations .....		732,915

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

(a) Production Subsidies .....	\$	Nil
--------------------------------	----	-----

## Total Paid to March 31, 1946

(a) Production Subsidies .....	\$	Nil
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## Production Record

Total Tonnage—15 years—Coal .....	8,079,424 tons
-----------------------------------	----------------

	1930	1935	1939	1944
Annual Production (tons) .....	419,161	396,275	503,693	879,103
Per Man-Day Production (tons) .....	3.3	3.9	4.6	3.7
Sales Realization—per ton .....	\$ 3.56	\$ 2.86	\$ 2.62	\$ 3.91
Total Cost—per ton .....	3.76	3.02	2.72	3.92

REMARKS.—Sterling converted to Canadian dollars at par. Income tax payable for years 1943 and 1944 is not ascertained or included in foregoing figures.

## SUMMARY

## BRAZEAU COLLIERIES LIMITED, BRAZEAU, ALBERTA

Incorporated 1911

## Capital

Issued—Common .....	\$ 4,000,000
Preferred .....	240,240
	<u>                    </u>

## Consideration for issue of

Capital—Cash .....	\$ 240,240
Properties .....	4,000,000
	<u>                    </u>

	1930	1944
Properties—Net Valuation .....	\$ 3,991,055	\$ 4,438,855
Net Current Position .....	612,730	432,240
Surplus .....	438,215	389,152

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$ 404,570
(b) After Income Tax .....	227,908

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 8,333	\$ 71,844	\$ 24,138	\$ 42,642
(b) After Income Tax .....	10,600	58,034	24,778	26,087

## Dividend Record

Total Dividends Paid—15 years .....

\$ 832,274

Rate on Capital—Preference Dividends at 7 per cent and 5 per cent. Common Dividends,  
1 year— $\frac{1}{2}$  per cent, 1 year— $1\frac{1}{2}$  per cent, 3 years—2 per cent and 1 year—3 per cent.

Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 680,231
Total Depletion (15 years) charged to Operations .....	311,831
	<u>                    </u>

Assistance—Emergency Coal Production Board

Included in Accounts to 1944

(a) Production Subsidies (Claimed) .....	\$ 155,625
	<u>                    </u>

Total Paid to March 31, 1946

(a) Production Subsidies (Paid) .....	\$ 147,232
	<u>                    </u>

Production Record

Total Tonnage—15 years—Coal .....	3,118,317
-----------------------------------	-----------

	1930	1935	1939	1944
Annual Production (tons) .....	223,636	138,954	122,421	336,706
Per Man-Day Production (tons)	3.3	3.7	3.6	3.5
Sales Realization—per ton .....	\$ 3.51	\$ 3.33	\$ 2.92	\$ 4.40
Total Cost—per ton .....	3.57	3.12	3.36	4.36

## SUMMARY

## CADOMIN COAL COMPANY LIMITED, CADOMIN, ALBERTA

Incorporated 1917

## Capital

Authorized—Common .....	\$ 1,200,000	N. P. V.
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Issued—Common .....	\$ 1,088,964	N. P. V.
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## Consideration for issue of

Capital—Cash .....	\$ 375,590
Properties .....	1,439,350

Properties—Net Valuation .....	\$ 1,448,930	\$ 1,021,453
Net Current Position .....	754,477	523,413
Surplus or <i>Deficit</i> .....	479,641	218,068

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$ 1,433,887
(b) After Income Tax .....	1,163,128

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 107,866	\$ 93,872	\$ 68,993	\$ 82,211
(b) After Income Tax .....	99,866	73,053	68,993	47,425

## Dividend Record

Total Dividends Paid—15 Years .....	\$ 2,246,584
Rate on Capital— $8\frac{1}{4}$ per cent varying from 1.8 per cent to 25 per cent.	

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 164,825
Total Depletion (15 years) charged to Operations .....	468,739

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

(a) Production Subsidies .....	\$ Nil
(b) Development .....	40,000

## Total Paid to March 31, 1946

(a) Production Subsidies .....	\$ Nil
(b) Development .....	40,000

## Production Record

Total Tonnage—15 years—Coal .....	4,687,352 tons
-----------------------------------	----------------

	1930	1935	1939	1944
Annual Production (tons) .....	394,242	323,904	236,015	266,203
Per Man-Day Production (tons)	4.4	3.6	3.4	2.7
Sales Realization—per ton .....	\$ 3.38	\$ 3.04	\$ 2.86	\$ 3.55
Total Cost—per ton .....	3.24	2.84	3.26	3.53

## SUMMARY

## CANMORE MINES LIMITED, CANMORE, ALBERTA

Incorporated 1886

## Capital

Authorized—Common .....	\$ 1,000,000
Issued—Common .....	\$ 710,600
Consideration for issue of Capital—Cash..... } Properties. } .....	\$ 710,600

	1930	1944
Properties—Net Valuation .....	\$ 2,046,016	\$ 1,633,476
Net Current Position .....	561,743	840,474
Surplus .....	1,014,542	1,099,982

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$ 2,166,680
(b) After Income Tax .....	1,489,982

Annual Profit or Loss	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 347,742	\$ 9,352	\$ 16,281	\$ 308,282
(b) After Income Tax .....	314,024	978	13,510	144,160

## Dividend Record

Total Dividends Paid—15 years .....	\$ 1,414,850
Rate on Capital—13½ per cent, varying from 4 per cent to 25 per cent annually.	

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 586,217
Total Depletion (15 years) charged to Operations .....	187,350

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944 Production Subsidies .....	Nil
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Total Paid to March 31, 1946 Production Subsidies .....	Nil
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## Production Record

Total Tonnage—15 years—Coal .....	3,181,841 tons
-----------------------------------	----------------

	1930	1935	1939	1944
Annual Production (tons) .....	225,001	140,696	176,092	352,809
Per Man-Day Production (tons)	3.27	2.84	3.15	4.32
Sales Realization—per ton				
Coal .....	\$ 4.02	\$ 3.75	\$ 3.41	\$ 3.91
Briquettes .....	6.87	5.20	5.21	5.80
Total Cost—per ton				
Coal .....	3.57	4.39	3.39	2.98
Briquettes .....	6.23	4.75	3.96	4.97

REMARKS.—Administration and selling expenses for 1939 and 1944 are not included in above costs. On basis of realization these would amount to 26 cents and 40 cents for coal and briquettes in 1939, and in 1944, 19 cents and 28 cents per ton respectively.



## SUMMARY

## LUSCAR COLLIERIES LIMITED, LUSCAR, ALBERTA

## Capital

Issued—Common .....	\$	650,000		
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## Consideration for issue of

Capital—Cash .....	\$	650,000		
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		1930		1944
Properties—Net Valuation .....	\$	349,719	\$	28,488
Net Current Position .....		838,854		1,109,610
Surplus .....		342,046		143,554

## Earnings Record

## Profits—15 years—

(a) Before Income Tax .....	\$	854,022		
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(b) After Income Tax .....		679,564		
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Annual Profit or Loss	1930	1935	1939	1944
(a) Before Income Tax .....	\$210,317	\$ 13,726	\$ 3,651	\$ 65,378
(b) After Income Tax .....	193,617	11,726	3,651	34,425

## Dividend Record

Total Dividends Paid—15 years .....	\$	666,250		
-------------------------------------	----	---------	--	--

Rate on Capital—6.8 per cent, varying from 2½ per cent to 20 per cent a year.

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$	801,741		
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Total Depletion (15 years) charged to Operations .....		283,682		
--	--	---------	--	--

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies .....		Nil		
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## Total Paid to March 31, 1946

Production Subsidies .....		Nil		
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## Production Record

Total Tonnage—15 years .....		2,844,994 tons		
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	1930	1935	1939	1944
Annual Production (tons) .....	230,449	113,725	143,454	278,248
Per Man-Day Production (tons)	—	2.95	3.32	3.55
Sales Realization—per ton .....	\$ 3.43	\$ 3.34	\$ 2.94	\$ 3.76
Total Cost—per ton .....	2.76	3.67	3.27	3.70

## SUMMARY

## MOUNTAIN PARK COALS LIMITED, MOUNTAIN PARK, ALBERTA

Incorporated 1910

## Capital

Issued—Common .....	\$ 1,042,430
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Consideration for issue of	
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Capital—Cash .....	\$ 1,042,430
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	1930	1944
Properties—Net Valuation .....	\$ 503,119	\$ 345,457
Net Current Position .....	953,694	1,182,912
Surplus .....	234,428	3,188

## Earnings Record

Profits—15 Years

(a) Before Income Tax .....	\$ 1,048,393
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(b) After Income Tax .....	891,494
----------------------------	---------

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 97,269	\$160,777	\$ 22,681	\$ 54,302
(b) After Income Tax .....	91,747	137,297	20,087	54,302

## Dividend Record

Total Dividends Paid—15 years .....	\$ 802,701
-------------------------------------	------------

Rate on Capital—5 per cent paid in 12 years varying from 2 per cent to 8 per cent.

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 699,933
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Total Depletion (15 years) charged to Operations .....	352,696
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## Assistance—Emergency Coal Production Board

Included in Accounts to 1944

Production Subsidies .....	Nil
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Total Paid to March 31, 1946

Production Subsidies .....	Nil
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## Production Record

Total Tonnage—15 years .....	3,534,115 tons
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	1930	1935	1939	1944
Annual Production (tons) .....	173,176	207,598	285,868	235,454
Per Man-Day Production (tons)	—	3.38	3.7	3.3
Sales Realization—per ton .....	\$ 3.49	\$ 3.29	\$ 2.80	\$ 3.74
Total Cost—per ton .....	3.53	2.90	2.96	4.32

### DOMESTIC OPERATORS—ALBERTA DRUMHELLER FIELD

The undernoted companies are those operating in the Drumheller area which have been covered by this survey:

<i>Companies</i>	Tons Produced
Atlas Coal Company Limited, Drumheller (1930-1936) . . .	756,620
Brilliant Coal Company, Drumheller (1934-1945) . . . . .	859,358
Hy-Grade Coal Mining Company Limited, Drumheller (1941-1944) . . . . .	423,730
Midland Coal Mining Company Limited, Drumheller (1930- 1944) . . . . .	2,284,437
The Monarch Coal Mining Company Limited, Drumheller (1937-1944) . . . . .	715,255
Murray Collieries Limited, East Coulee (1930-1944) . . . . .	1,415,923
Newcastle Collieries Limited, Drumheller (1930-1944) . . . . .	913,122
Red Deer Valley Coal Company Limited, Drumheller (1935- 1944) . . . . .	1,050,755
Regal Coal Company Limited, East Coulee (1937-1944)	1,286,633
Rosedale Collieries Limited, Rosedale (1934-1944) . . . . .	965,245
and Aerial (1934-1944) . . . . .	871,421
Western Gem and Jewel Collieries Limited, Rosedale (1939-1944) . . . . .	526,430
	12,068,929

Of the companies enumerated, only four (Atlas-Regal, Midland, Murray and Newcastle) have been operating over the entire fifteen-year period. In the year 1943 the companies included in this survey produced approximately 91 per cent of the coal mined in the Drumheller field.

In 1930 there were 26 companies in this area, many of which are not now in operation or in which the ownership has changed. Due to this feature, the Commission was unable to obtain their records, and the production of the field as compared with the production of the companies dealt with is as follows:

Period	Production (D. B. S.)	Production of companies surveyed	Percentage
	tons	tons	
1930-1935 . . . . .	7,156,629	2,454,255	34.3
1936-1939 . . . . .	5,118,438	2,976,333	58.1
1940-1944 . . . . .	7,389,602	6,495,209	87.9

Of the coal produced in Canada, the Drumheller mines produced approximately 10 per cent.

A comparative balance sheet as at the end of the 1930 period (which included four companies that have operated continuously over the fifteen-year period) and as at the end of the 1944 period (which comprises the eleven companies as named) is given herewith.

Generally speaking, the companies appear to be in a fairly sound financial position as at the present time, although some of the smaller companies in the field may experience some difficulty in financing any contingency which might arise.

## BALANCE SHEET

	1930	1944
	(4 companies)	(11 companies)
	\$	\$
<i>Assets—</i>		
Properties.....	909,826.93	5,884,836.91
Less depreciation and depletion reserves.....	121,330.27	3,301,322.03
	788,496.66	2,583,514.88
Deferred.....	29,042.21	134,589.90
Subsidiary companies, etc.....	200,046.37	104,366.05
Net current position including investments.....	93,621.35	964,708.16
	923,963.89	3,787,178.99
<i>Liabilities—</i>		
Share capital—common.....	497,937.00	1,683,607.00
—preferred.....		617,325.00
Total.....	497,937.00	2,300,932.00
Proprietor's equity.....		226,588.78
Funded debt.....		180,930.98
Deferred capital liability.....		34,524.37
Reserves.....	60,688.56	186,863.97
Surplus—earned.....	365,338.33	740,768.31
—capital.....		116,570.58
	923,963.89	3,787,178.99

The capital employed (book value) as at the end of 1944 for the eleven operating companies was \$3,787,178, made up as follows:

Share capital, proprietors' equity and funded debt.....	\$ 2,708,451
Deferred.....	34,524
Reserves and surplus.....	1,044,203
	<u>\$ 3,787,178</u>

During the period, dividends or drawings in the case of proprietorships were as follows:

1930-1935.....	\$ 100,000.00
1936-1939.....	50,187.19
1940-1944.....	401,710.59
	<u>\$ 551,897.78</u>

Of the above, the Atlas-Regal Company paid.....	\$ 351,329.41
The Brilliant Company (partnership) paid.....	136,882.37
and three other companies (Monarch, Midland and Newcastle) paid.....	63,686.00
	<u>\$ 551,897.78</u>

*Operating Results*

From the statement on the following page, it will be seen that in the years 1930-1944, inclusive, these companies sold a total of 11,920,076 tons having a value of \$34,540,177, or \$2.898 per ton.

**COMPANIES OPERATING IN ALBERTA—DRUMHELLER FIELD**  
**SUMMARY OF OPERATING RESULTS—1930 TO 1944**

	1930 to 1935 (4 to 7 Companies)			1936 to 1939 (7 to 10 Companies)			1940 to 1944 (10 to 11 Companies)			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
		Tons			Tons			Tons			Tons	
Tonnage Sold or Processed.....		2,453,715			2,974,730			6,491,631			11,920,076	
		\$	\$		\$	\$		\$	\$		\$	\$
Realization.....		6,577,686.97	2.681		7,814,051.56	2.627		20,148,438.91	3.104		34,540,177.44	2.898
<i>Deduct Costs</i>												
Labour.....	54.145	3,302,799.28	1.346	59.180	4,614,962.40	1.552	59.411	11,719,794.92	1.806	58.401	19,637,556.60	1.648
Material.....	5.486	384,661.53	0.136	5.570	434,333.83	0.146	7.055	1,391,649.74	0.214	6.426	2,160,645.10	0.181
Power.....	1.941	118,388.90	0.048	2.580	201,199.12	0.068	2.510	495,058.87	0.076	2.423	814,646.89	0.068
Taxes and Rentals.....	5.516	336,462.91	0.138	2.911	226,976.19	0.076	1.655	326,398.93	0.050	2.646	889,838.03	0.075
Royalties.....	2.427	148,059.07	0.060	3.007	234,467.11	0.079	3.081	607,886.21	0.094	2.946	990,412.39	0.083
Workmen's Compensation Board.....	2.263	138,024.63	0.056	3.098	241,594.23	0.081	4.736	934,261.22	0.144	3.908	1,313,880.08	0.110
Other Mining Costs.....	5.870	358,089.90	0.146	5.410	421,853.63	0.142	4.626	912,586.16	0.141	5.034	1,692,529.69	0.142
Administration and Overhead Rental—Affiliated Company.....	14.060	857,655.00	0.350	10.355	807,494.83	0.271	8.436	1,664,055.44	0.256	9.901	3,329,205.27	0.279
				1.650	128,715.22	0.043	3.566	703,468.02	0.108	2.475	832,183.24	0.070
Depreciation.....	91.708	5,594,141.22	2.280	93.761	7,311,596.56	2.458	95.076	18,755,159.51	2.889	94.160	31,660,897.29	2.656
Depletion.....	6.621	403,902.05	0.165	3.854	300,565.47	0.101	2.860	564,306.65	0.087	3.773	1,268,774.17	0.106
	1.671	101,911.58	0.041	2.385	186,014.15	0.063	2.064	406,937.42	0.063	2.067	694,863.15	0.059
Total Cost.....	100.000	6,099,954.85	2.486	100.000	7,798,176.18	2.622	100.000	19,726,403.58	3.039	100.000	33,624,534.61	2.821
Operating Profit.....		477,732.12	0.195		15,875.38	0.005		422,035.33	0.065		915,642.83	0.077
Add Sundry Revenue.....		138,524.10	0.056		127,187.40	0.043		300,304.23	0.046		566,015.73	0.047
Subsidies.....								164,818.02	0.025		164,818.02	0.014
Profit, before Income Tax.....		616,256.22	0.251		143,062.78	0.048		887,157.58	0.136		1,646,476.58	0.138
Income Taxes.....		18,130.44	0.007		8,470.85	0.003		391,482.56	0.060		418,083.85	0.035
Net Profit.....		598,125.78	0.244		134,591.93	0.045		495,675.02	0.076		1,228,392.73	0.103
Depletion is not set up in all Companies. If entered at 10 cents on production, a further depletion charge would be made of.....		143,513.92	0.058		111,619.15	0.038		242,583.48	0.037		497,716.55	0.042
Making a Net Profit of.....		454,611.86	0.186		22,972.78	0.007		253,091.54	0.039		730,676.18	0.061

The total cost of recovering the coal amounted to \$33,624,534.61, or \$2.821 per ton. To increase the depletion entered in the books to 10 cents per ton, an additional charge of \$497,716.55 would be necessary, which amounts to \$0.042 per ton. After making such adjustment, the operating profit amounts to \$417,926.28, being 1.21 per cent on sales, or \$0.035 per ton after charging 10 cents per ton depletion.

The total cost shown above is further analyzed as follows:

	Percent of cost	Amount	Per ton
		\$	\$
Labour.....	58.401	19,637,556.60	1.648
Material.....	6.426	2,160,645.10	0.181
Power.....	2.423	814,646.89	0.068
Taxes and rentals.....	2.646	889,838.03	0.075
Royalties.....	2.946	990,412.39	0.083
Workmen's Compensation Board.....	3.908	1,313,880.08	0.110
Other mining costs.....	5.034	1,692,529.69	0.142
Administration.....	9.901	3,329,205.27	0.279
Rental—affiliated company.....	2.475	832,183.24	0.070
	94.160	31,660,897.29	2.656
Depreciation.....	3.773	1,268,774.17	0.106
Depletion.....	2.067	694,863.15	0.059
	100.000	33,624,534.61	2.821

Details of the above costs segregated into the three periods are shown on the facing page.

	\$	\$
To the profit on coal operations of.....	915,642.83	0.077
there must be deducted additional depletion of.....	497,716.55	0.042
to bring the profit after depletion of 10 cents per ton to....	417,926.28	0.035
to this is added sundry revenue of.....	566,015.73	0.047
and government subsidies of.....	164,818.02	0.014
leaving a net profit before income taxes of.....	1,148,760.03	0.096
the income taxes amount to.....	418,083.85	0.035
which leaves a net profit for all the companies of.....	730,676.18	0.061

*Government Assistance*

The following production subsidies have been paid:—

Company	Total to 31st March 1946	To end of 1944	1945 to 31st March, 1946
	\$	\$	\$
Hy-Grade.....	90,487.04	37,057.56	53,429.48
Monarch.....	59,786.80	25,812.37	33,974.43
Rosedale.....	108,517.41	26,851.11	81,666.30
Western Gem.....	124,475.37	75,096.98	49,378.39
	383,266.62	164,818.02	218,448.60
Companies not in survey.....	185,757.83		

In addition the undernoted government assistance was made by way of loans outstanding and grants to March 31, 1946.

	Loans	Grants
	\$	\$
Midland Company.....	32,655.26	.....
Monarch Company.....	8,797.67	.....
Red Deer Valley.....	5,589.32	.....
Rosedale.....	20,000.00	39,886.37
	67,042.25	39,886.37
Companies not included in survey.....	4,000.00	2,000.00

### Sales

Using the 1936-1939 period as a base of 100, the sales realization in comparison therewith was 102 in the depression period (1930-1935) and 118 in the war years (1940-1944).

A comparison of costs for the same periods is 95.6 and 115.6. As costs did not rise in proportion to the sales realization, the Drumheller field as a whole experienced fairly satisfactory earnings in the war years, and out of the eleven companies surveyed only four required subsidies in the year 1944.

### Production and Costs

Using representative years for purposes of comparison, the costs per ton (including depletion at 10 cents per ton) and the per-man-day production are as follows:

1930		1935		1939		1944	
High cost	Low cost	High cost	Low cost	High cost	Low cost	High cost	Low cost
\$	\$	\$	\$	\$	\$	\$	\$
2.75	2.07	3.08	2.28	3.06	1.66	4.52	2.30

### Production—Tons per Man-Day.

1930		1935		1939		1944	
High	Low	High	Low	High	Low	High	Low
tons	tons	tons	tons	tons	tons	tons	tons
6.90	3.98	6.20	2.85	6.00	2.88	4.40	2.55

In eleven of the fifteen years the company with the highest cost also has the lowest man-day production, and in ten years the company with the lowest cost experienced the highest man-day production.

The Atlas-Regal companies have had a very high production record in this field; the lowest production of 4.3 tons was in the year 1944 and the high was 8.4 tons in the years 1931 and 1932, with an over-all average of 6 tons per man-day. These companies are the most profitable and are in the strongest financial position in the Drumheller District.

### Record of Individual Companies

Attached hereto, in tabulated form, are significant particulars of capital structure and operating record of each of the companies surveyed in this field.

## SUMMARY

## ATLAS COAL COMPANY LIMITED, EAST COULEE, ALBERTA

Incorporated 1930

## REGAL COAL COMPANY LIMITED, KNEEHILL, ALBERTA

Incorporated 1932

## Capital

Authorized—Common .....	\$ 70,000
-------------------------	-----------

Issued— Common .....	\$ 70,000
----------------------	-----------

## Consideration for issue of

Capital—Cash .....	\$ 20,000
Properties .....	50,000

	1930	1944
Properties—Net Valuation .....	\$ 159,332	\$ 298,972
Net Current Position .....	9,904	457,520
Surplus .....	122,493	559,625

## Earnings Record

## Profits or Losses—15 years

(a) Before Income Tax .....	\$1,210,266
(b) After Income Tax .....	865,080

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax .....	\$122,036	\$ 5,352	\$ 93,211	\$ 96,719
(b) After Income Tax .....	122,036	3,159	86,141	58,719

## Dividend Record

Total Dividends Paid—15 years .....	\$ 351,329
Rate on Capital—In 1932 dividend paid of \$100,000. In 1943 dividend paid of 251,329.	

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 340,694
Total Depletion (15 years) charged to Operations .....	172,843

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies .....	Nil
----------------------------	-----

## Total Paid to March 31, 1946

Production Subsidies .....	Nil
----------------------------	-----

## Production Record

Total Tonnage—15 years .....	2,043,253 tons
------------------------------	----------------

	1930	1935	1939	1944
Annual Production (tons) .....	110,789	105,234	138,318	171,308
Per Man-Day Production (tons) .....	6.9	6.2	6.0	4.3
Sales Realization—per ton .....	\$ 3.15	\$ 2.47	\$ 2.74	\$ 4.09
			2.92	3.57
Total Cost—per ton .....	2.07	2.52	2.66	3.93
			1.66	2.30

REMARKS.—Costs for the years 1939 and 1944 are shown for the Kneehill and East Coulee mines and are exclusive of administration and selling expenses which amount to 42 cents per ton over both mines for 1939 and 37 cents in 1944.



## SUMMARY

## BRILLIANT COAL COMPANY LIMITED, DRUMHELLER, ALBERTA

## PARTNERSHIP

Commenced 1933

	1944
Properties—Net Valuation.....	\$ 62,750
Net Current Position.....	144,348
Partners' Capital.....	226,588

## Earnings Record

## Profits or Losses—12 years

(a) Before Income Tax.....	\$ 415,809
(b) After Income Tax.....	337,918

## Annual Profit or Loss

	1935	1939	1944
(a) Before Income Tax.....	\$ 5,585	\$ 38,884	\$ 53,551
(b) After Income Tax.....	4,485	—	45,803

Partners' Drawings.....	\$ 136,882
-------------------------	------------

## Depreciation and Depletion

Total Depreciation (12 years) charged to Operations.....	\$ 71,588
Total Depletion (12 years) charged to Operations.....	<u>34,654</u>

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies.....	<u>\$ Nil</u>
---------------------------	---------------

## Total Paid to March 31, 1946

Production Subsidies.....	<u>\$ Nil</u>
---------------------------	---------------

## Production Record

Total Tonnage—12 years.....	859,358 tons
-----------------------------	--------------

	1935	1939	1944
Annual Production (tons).....	45,201	66,160	98,851
Per Man-Day Production (tons).....	3.8	3.7	4.4
Sales Realization—per ton.....	\$ 2.66	\$ 2.90	\$ 3.75
Total Cost—per ton.....	2.57	2.36	3.31

## SUMMARY

## HY-GRADE COAL MINING COMPANY LIMITED, DRUMHELLER, ALBERTA

Incorporated 1940

Capital		
Authorized—Common .....	\$ 24,000	
Issued—    Common .....	\$ 24,000	
Consideration for issue of Capital—Cash .....	\$ 24,000	
Properties—Net Valuation .....	\$	1944 51,727
Net Current Position .....		768
Deficit .....		2,924
Earnings Record		
Profits or Losses—4 years		
(a) Before Income Tax .....	\$ 2,802	
(b) After Income Tax .....	2,802	
Annual Profit or Loss		1944
(a) Before Income Tax .....	\$	2,521
(b) After Income Tax .....		2,521
Dividend Record		
Total Dividends Paid—4 years .....	<u>Nil</u>	
Depreciation and Depletion		
Total Depreciation (4 years) charged to Operations .....	\$	12,647
Total Depletion (4 years) charged to Operations .....		<u>12,155</u>
Assistance—Emergency Coal Production Board		
Included in Accounts to 1944		
Production Subsidies .....	\$ 43,064	
Total Paid to March 31, 1946		
Production Subsidies .....	\$ 90,487	
Production Record		
Total Tonnage—4 years .....	423,730 tons	
Annual Production (tons) .....		1944 99,053
Per Man-Day Production (tons) .....		2.95
Sales Realization—per ton .....		\$ 3.51
Total Cost—per ton .....		4.01

## SUMMARY

## MIDLAND COAL MINING COMPANY LIMITED, MIDLANDVALE, ALBERTA

## Capital

Authorized—Common .....	\$ 50,000
Issued— Common .....	\$ 50,000
Consideration for issue of Capital—Cash Properties } .....	\$ 50,000

	1930	1944
Properties—Net Valuation .....	\$ 271,052	\$ 305,772
Net Current Position .....	35,393	62,976
Surplus .....	183,948	322,122

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$ 387,932
(b) After Income Tax .....	252,964

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 94,090	\$ 7,680	\$ 9,546	\$ 62,211
(b) After Income Tax .....	90,600	7,680	9,546	44,388

## Dividend Record

Total Dividends Paid—15 years .....	\$ 20,000
Rate on Capital—1 year at 40 per cent.	

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 350,923
Total Depletion (15 years) charged to Operations .....	112,501

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944	
Production Subsidies .....	Nil

## Total Paid to March 31, 1946

(a) Production Subsidies .....	Nil
(b) Loan .....	\$ 32,655

## Production Record

Total Tonnage—15 years .....	2,284,437 tons
------------------------------	----------------

	1930	1935	1939	1944
Annual Production (tons) .....	178,973	149,871	98,432	206,801
Per Man-Day Production (tons) ....	3.98	4.28	4.16	4.03
Sales Realization—per ton .....	\$ 3.21	\$ 2.41	\$ 2.66	\$ 3.41
Total Cost—per ton .....	2.75	2.49	2.80	3.14

REMARKS.—Depletion is included in the above costs as follows:

1930 and 1935 at 5 cents per ton. 1939—10 cents per ton. 1944—Nil.

## SUMMARY

## MONARCH COAL MINING COMPANY LIMITED, DRUMHELLER, ALBERTA

Incorporated 1936

## Capital

Authorized—Common .....	\$ 65,000
Preferred .....	37,500
	<u>          </u>

Issued— Common .....	\$ 45,000
Preferred .....	17,325
	<u>          </u>

Consideration for issue of Capital—Cash Properties } .....	\$ 62,325
	<u>          </u>

Properties—Net Valuation .....	\$ 168,444	1944
Net Current Position .....	38,512	
Surplus .....	64,569	

## Earnings Record

Profits or Losses—8 years	
(a) Before Income Tax .....	\$ 84,059
(b) After Income Tax .....	75,411
(c) Taxable Income .....	19,182

Annual Profit	1939	1944
(a) Before Income Tax .....	\$ 2,909	\$ 11,264
(b) After Income Tax .....	2,909	11,264

## Dividend Record

Total Dividends Paid—8 years .....	\$ 3,397
Rate on Capital—4 per cent on preferred shares for 5 years.	

## Depreciation and Depletion

Total Depreciation (8 years) charged to Operations .....	\$ 147,188
Total Depletion (8 years) charged to Operations .....	Nil
	<u>          </u>

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944	
(a) Production Subsidies .....	\$ 25,812
	<u>          </u>

## Total Paid to March 31, 1946

(a) Production Subsidies .....	\$ 59,787
(b) Loans .....	8,797
	<u>          </u>

## Production Record

Total Tonnage—8 years .....	715,255 tons
-----------------------------	--------------

	1939	1944
Annual Production (tons) .....	68,135	123,684
Per Man-Day Production (tons) .....	4.4	3.9
Sales Realization—per ton .....	\$ 2.97	\$ 3.41
Total Cost—per ton .....	2.93	3.54

## SUMMARY

## MURRAY COLLIERIES LIMITED, EAST COULEE, ALBERTA

## Capital

Authorized—Common.....	\$ 100,000
Issued— Common.....	\$ 100,000
Consideration for issue of Capital—Cash.....	\$ 100,000

	1930	1944
Properties—Net Valuation.....	\$ 243,663	\$ 116,131
Net Current Position.....	74,681	97,803
Surplus.....	28,982	92,843

## Earnings Record

## Profits or Losses—15 years

(a) Before Income Tax.....	\$ 284,106
(b) After Income Tax.....	193,288

Annual Profit or Loss	1930	1935	1939	1944
(a) Before Income Tax.....	\$ 23,890	\$ 1,026	\$ 381	\$ 29,519
(b) After Income Tax.....	23,890	1,026	381	17,519
(c) Taxable Income.....	3,599	19,642	6,234	29,519

## Dividend Record

Total Dividends Paid—15 years.....	Nil
------------------------------------	-----

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations.....	\$ 203,477
Total Depletion (15 years) charged to Operations.....	34,603

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944	
Production Subsidies.....	Nil

## Total Paid to March 31, 1946

Production Subsidies.....	Nil
---------------------------	-----

## Production Record

Total Tonnage—15 years.....	1,415,923 tons
-----------------------------	----------------

	1930	1935	1939	1944
Annual Production (tons).....	64,793	53,452	83,842	150,508
Per Man-Day Production (tons).....	—	4.85	4.94	4.25
Sales Realization—per ton.....	\$ 2.67	\$ 2.24	\$ 2.48	\$ 3.35
Total Cost—per ton.....	2.33	2.57	2.52	3.18

REMARKS.—For taxation purposes a loss is shown for 10 years and in the other 5 a taxable profit of \$169,671.

## SUMMARY

## NEWCASTLE COLLIERIES LIMITED, DRUMHELLER, ALBERTA

## Capital

Issued—Common .....	\$ 298,437			
---------------------	------------	--	--	--

	1930	1944
Properties—Net Valuation .....	\$ 114,449	\$ 122,485
Net Current Position .....	26,357	141,661
Surplus or <i>Deficit</i> .....	29,915	24,130

## Earnings Record

Profits or *Losses*—15 years

(a) Before Income Tax .....	\$ 28,540
(b) After Income Tax .....	37,990

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 15,091	\$ 1,440	\$ 11,843	\$ 14,738
(b) After Income Tax .....	15,091	1,403	8,976	8,843

## Dividend Record

Total Dividends Paid—15 years .....	\$ 40,289
-------------------------------------	-----------

Rate on Capital—2½ per cent for 1 year, 3 per cent in 2 years, and 5 per cent for 1 year.

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 86,323
Total Depletion (15 years) charged to Operations .....	85,772

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies .....	Nil
----------------------------	-----

## Total Paid to March 31, 1946

Production Subsidies .....	Nil
----------------------------	-----

## Production Record

Total Tonnage—15 years .....	913,122 tons
------------------------------	--------------

	1930	1935	1939	1944
Annual Production (tons) .....	49,341	45,592	65,930	110,135
Per Man-Day Production (tons) .....	—	3.6	3.7	3.5
Sales Realization—per ton .....	\$ 2.93	\$ 2.69	\$ 2.78	\$ 3.73
Total Cost—per ton .....	3.43	2.71	2.65	3.63

## SUMMARY

## RED DEER VALLEY COAL COMPANY LIMITED, DRUMHELLER, ALBERTA

Commenced 1934

## Capital

Issued—Common.....	\$ 346,170
Consideration for issue of Capital—Cash.....	\$ 58,200
Properties.....	287,970

	1935	1944
Properties—Net Valuation.....	\$ 368,474	\$ 297,514
Net Current Position.....	32,998	150,242
Deficit.....	81,872	77,286

## Earnings Record

## Profits or Losses—10 years

(a) Before Income Tax.....	\$ 72,576
(b) After Income Tax.....	13,111

## Annual Profit or Loss

	1935	1939	1944
(a) Before Income Tax.....	\$ 4,451	\$ 4,357	\$ 26,032
(b) After Income Tax.....	4,451	3,482	15,611

## Dividend Record

Total Dividends Paid—10 years.....	Nil
------------------------------------	-----

## Depreciation and Depletion

Total Depreciation (10 years) charged to Operations.....	\$ 114,552
Total Depletion (10 years) charged to Operations.....	105,075

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies.....	Nil
---------------------------	-----

## Total Paid to March 31, 1946

(a) Production Subsidies.....	\$ Nil
(b) Loans.....	5,589

## Production Record

Total Tonnage—10 Years.....	1,050,755 tons
-----------------------------	----------------

	1935	1939	1944
Annual Production (tons).....	47,002	61,645	206,250
Per Man-Day Production (tons).....	2.85	3.8	3.5
Sales Realization—per ton.....	\$ 2.92	\$ 3.05	\$ 3.51
Total Cost—per ton.....	3.08	3.06	3.56

SUMMARY

ROSEDALE COLLIERIES LIMITED, ROSEDALE, ALBERTA

Incorporated 1933

<b>Capital</b>				
Authorized—Common .....				\$ 600,000
Issued— Common .....				\$ 600,000
Consideration for issue of Capital—Properties .....				\$ 600,000
<b>Properties—Net Valuation .....</b>				
		1933	1944	
	\$ 743,146		\$ 615,477	
Net Current Position .....		22,714	49,144	
Deficit .....		—	44,743	
<b>Earnings Record</b>				
Losses—11 years				
(a) Before Income Tax .....	\$ 44,743			
(b) After Income Tax .....	44,743			
<b>Annual Loss</b>				
	1935	1939	1944	
(a) Before Income Tax .....	\$ 199	\$ 136	\$ 8,209	
(b) After Income Tax .....	199	136	8,209	
<b>Dividend Record</b>				
Total Dividends Paid—11 years .....		Nil		
<b>Depreciation and Depletion</b>				
Total Depreciation (11 years) charged to Operations .....	\$ 108,905			
Total Depletion (11 years) charged to Operations .....	85,230			
<b>Assistance—Emergency Coal Production Board</b>				
Included in Accounts to 1944				
Production Subsidies .....	\$ 30,632			
Total Paid to March 31, 1946				
(a) Production Subsidies .....	\$ 108,517			
(b) Grants for Development Work .....	39,886			
(c) Loan .....	20,000			
<b>Production Record</b>				
Total Tonnage—11 years—				
Rosedale Mine .....		965,245 tons		
Star Mine .....		871,421 tons		
Annual Production (tons)—				
	1935	1939	1944	
Rosedale Mine .....	88,038	70,978	86,926	
Star Mine .....	56,696	83,712	133,595	
Per Man-Day Production (tons)—				
Rosedale Mine .....	—	2.88	2.64	
Star Mine .....	2.97	3.40	3.31	
Sales Realization—per ton—				
Rosedale Mine .....	\$ 2.48	\$ 2.70	\$ 3.49	
Star Mine .....	2.46	2.73	3.56	
Total Cost—per ton—				
Rosedale Mine .....	\$ 2.28	\$ 2.80	\$ 3.71	
Star Mine .....	2.44	2.22	2.97	

REMARKS.—Costs as shown are before depreciation, depletion, head office expense and bond interest which are not allocated to mining costs by the Company.



## SUMMARY

## WESTERN GEM AND JEWEL COLLIERIES LIMITED, CAMBRIA, ALBERTA

Incorporated 1937

## Capital

Issued—Common .....	\$ 150,000	
Preferred .....	600,000	
		<u>750,000</u>
Consideration for issue of Capital—Properties .....	\$ 750,000	

	1938	1944
Properties—Net Valuation .....	\$ 675,132	\$ 544,241
Net Current Position .....	34,725	59,390
Deficit .....	29,736	149,308

## Earnings Record

## Losses—6 years

(a) Before Income Tax .....	\$ 111,317
(b) After Income Tax .....	111,317

## Annual Loss

	1939	1944
(a) Before Income Tax .....	\$ 7,720	\$ 8,965
(b) After Income Tax .....	7,720	8,965

## Dividend Record

Total Dividends Paid—6 years .....	Nil
------------------------------------	-----

## Depreciation and Depletion

Total Depreciation (6 years) charged to Operations .....	\$ 86,687
Total Depletion (6 years) charged to Operations .....	52,642

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies .....	\$ 82,318
----------------------------	-----------

## Total Paid to March 31, 1946

Production Subsidies .....	\$ 124,475
----------------------------	------------

## Production Record

Total Tonnage—6 years .....	526,430 tons
-----------------------------	--------------

	1939	1944
Annual Production (tons) .....	92,250	81,439
Per Man-Day Production (tons) .....	3.7	2.55
Sales Realization—per ton .....	\$ 2.69	\$ 3.36
Total Cost—per ton .....	2.84	4.52

## COMPANIES OPERATING IN NORTHERN ALBERTA

The following are the companies operating in areas adjacent to Edmonton, Alberta:

	Production
Banner Coals Limited, Edmonton (7 years).....	295,312 tons
Beverley Coal Company Limited, Beverley (11 years).....	562,985 tons
Edmonton Collieries Limited, Edmonton (4 years).....	81,060 tons
The Great West Coal Company Limited, Edmonton (15 years)	1,131,658 tons
Kent Coal Company Limited, Edmonton (10 years).....	604,504 tons
Lakeside Coals Limited, Edmonton (15 years).....	1,250,190 tons
Red Flame Coal Company Limited, Camrose (4 years).....	109,985 tons
	<u>4,035,694 tons</u>

As there were only two of the above companies operating in 1930, a summary of the balance sheets as at 1935 and 1944 is undernoted:

	1935	1944
	\$	\$
<b>Assets—</b>		
Properties, including valuation of coal lands, plant, equipment, etc.....	1,124,654.93	1,463,171.52
Less reserve for depreciation and depletion.....	177,574.32	682,396.49
	947,080.61	780,775.03
Deferred.....	3,106.95	6,685.93
Subsidiaries.....	15,503.00	17,304.00
Net current position.....	130,432.38	162,191.94
	<u>1,096,122.94</u>	<u>966,956.90</u>
	1935	1944
<b>Liabilities—</b>		
Capital—Common Shares.....	977,782.00	1,018,282.00
Affiliated companies, etc.....	28,644.17	57,903.16
Reserves.....	25,500.00	5,053.95
Surplus or Deficit.....	64,196.77	132,508.45
Capital.....	.....	18,226.24
	<u>1,096,122.94</u>	<u>966,956.90</u>

COMPANIES OPERATING IN NORTHERN ALBERTA  
SUMMARY OF OPERATING RESULTS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
Tonnage Sold.....		Tons 1,030,274			Tons 1,063,228			Tons 1,942,192			Tons 4,035,694	
Realization.....		\$ 2,281,134.54	\$ 2.214		\$ 2,233,846.31	\$ 2.101		\$ 4,899,274.96	\$ 2.523		\$ 9,414,255.81	\$ 2.333
<i>Deduct Costs</i>												
Labour.....	64.758	1,508,538.41	1.464	61.761	1,428,658.84	1.344	61.614	3,180,056.39	1.637	62.395	6,117,253.64	1.516
Material.....	10.367	241,504.27	0.234	8.686	200,920.40	0.189	8.208	423,618.72	0.218	8.834	866,043.39	0.215
Power.....	1.597	37,211.23	0.036	3.205	74,130.76	0.070	3.539	182,677.91	0.094	2.999	294,019.90	0.073
Taxes and Rentals.....	1.356	31,582.88	0.031	1.195	27,646.84	0.026	1.053	54,351.73	0.028	1.159	113,581.45	0.028
Royalties.....	5.488	127,831.51	0.124	5.728	132,499.68	0.125	4.239	218,809.87	0.113	4.887	479,141.06	0.119
Workmen's Compensation Board.....	3.119	72,653.85	0.071	3.338	77,223.00	0.073	5.023	259,262.85	0.133	4.173	409,139.70	0.101
Other Mining Costs.....	1.643	38,266.70	0.037	3.816	88,264.30	0.083	5.621	290,144.84	0.149	4.250	416,675.84	0.103
Administration and Overhead.....	9.500	221,301.74	0.215	9.235	213,635.15	0.201	6.176	318,759.26	0.164	7.688	753,696.15	0.187
	97.828	2,278,890.59	2.212	96.964	2,242,978.97	2.111	95.473	4,927,681.57	2.536	96.385	9,449,551.13	2.342
Depreciation.....	2.172	50,601.64	0.049	3.036	70,242.52	0.065	4.061	209,566.22	0.108	3.370	330,410.38	0.082
Depletion.....							0.466	24,051.50	0.013	0.245	24,051.50	0.005
Total Costs.....	100.000	2,329,492.23	2.261	100.000	2,313,221.49	2.176	100.000	5,161,299.29	2.657	100.000	9,804,013.01	2.429
Loss on Operations.....		48,357.69	0.047		79,375.18	0.075		262,024.33	0.134		389,757.20	0.096
Add Sundry Revenue.....		101,151.40	0.098		73,096.87	0.069		91,795.39	0.047		266,043.66	0.066
Subsidies.....								247,228.39	0.127		247,228.39	0.061
Profit or Loss before Income Tax.....		52,793.71	0.051		6,278.31	0.003		76,999.45	0.040		123,514.85	0.031
Deduct Income Taxes.....		6,840.88	0.007		2,331.10	0.002		16,785.89	0.009		25,957.87	0.006
Profit or Loss after Income Tax.....		45,952.83	0.044		8,609.41	0.008		60,213.56	0.031		97,556.98	0.025
If Depletion were entered at 10 cents per ton, an additional charge would be necessary of.....		103,027.40	0.100		106,322.80	0.100		170,167.70	0.088		379,517.90	0.095
Making a net result of.....		57,074.57	0.056		114,932.21	0.108		109,954.14	0.057		281,960.92	0.070

Depletion is set up in the books by only two of the companies (Red Flame and Lakeside) and this is in the last period (1940-1944). If depletion were entered at 10 cents per ton by all companies, the fixed assets as noted above would be reduced and the deficit increased by \$379,517.90.

Most of these companies are in only fair financial condition, as the Great West Company owns approximately 65 per cent of the total current assets. The Banner and Kent Companies have a deficiency of working capital and are financed by other affiliated companies.

The Great West Company, with a capital stock of \$127,500, has paid dividends of 16 per cent in 1930 and approximately 3 per cent in four of the years and approximately 4 per cent in two other years, for a total of \$44,916.66.

A dividend was paid by the Red Flame Company in 1944 at the rate of 20 per cent in the amount of \$2,700 on a capital of \$13,500. This company has been in operation for four years.

*Operating Results*

A summary of the results over the period is shown on the facing page, and after all charges, subsidies, et cetera, are included an over-all loss of 7 cents per ton is shown.

With the exception of two small producers which incorporated during 1941, these operators show consistent losses throughout the period. Sundry revenue averages 7 cents per ton and reduces the operating loss of 10 cents to 3 cents per ton.

It will be observed that the realization of these mines is comparatively low, being at an average value of \$2.33 per ton, while costs before charging depreciation or depletion amount to \$2.34 per ton.

Using representative years for purposes of comparison, the costs per ton and the per man-day production are as follows:

1930		1935		1939		1944	
High cost	Low cost	High cost	Low cost	High cost	Low cost	High cost	Low cost
\$	\$	\$	\$	\$	\$	\$	\$
2.75	2.58	2.42	1.87	2.65	1.77	4.40	2.49

PRODUCTION IN TONS PER MAN-DAY

1935		1939		1944	
High	Low	High	Low	High	Low
tons	tons	tons	tons	tons	tons
4.65	3.10	4.20	3.15	3.94	2.41

*Government Assistance*

Dominion Government assistance in this field (other than subventions) is enumerated hereunder:

	Total production subsidy to March 31, 1946	Production subsidy to 1944	Loans outstanding to March 31, 1946
	\$	\$	\$
Companies (7) included in survey.....	546,053.59	247,228.39	29,026.64
Companies (12) not included in survey.....	175,683.46	.....	37,529.53
	721,737.05	247,228.39	66,556.17

*Record of Individual Companies*

Attached hereto, in tabular form, are significant particulars of the capital structure and operating record of each of the companies surveyed in this field.

## SUMMARY

## BANNER COALS LIMITED, EDMONTON, ALBERTA

Incorporated 1937

<b>Capital</b>			
Issued—Common .....	\$	20,000	
Consideration for issue of			
Capital—Mining Rights .....	\$	20,000	
		1938	1944
Properties—Net Valuation .....	\$	51,207	\$ 54,180
Net Current Position .....		2,142	1,975
Deficit .....		181	3,039
<b>Earnings Record</b>			
Profits or Losses—7 years			
(a) Before Income Tax .....	\$	2,984	
(b) After Income Tax .....		3,592	
<b>Annual Loss</b>			
		1939	1944
(a) Before Income Tax .....	\$	331	\$ 3,709
(b) After Income Tax .....		331	4,317
<b>Dividend Record</b>			
Total Dividends Paid—7 years .....		Nil	
<b>Depreciation and Depletion</b>			
Total Depreciation (7 years) charged to Operations .....	\$	11,124	
Total Depletion (7 years) charged to Operations .....		Nil	
<b>Assistance—Emergency Coal Production Board</b>			
Included in Accounts to 1944			
(a) Production Subsidies (Receivable \$6,619) .....	\$	26,319	
(b) Loans .....		9,909	
Total Paid to March 31, 1946			
(a) Production Subsidies .....	\$	102,747	
(b) Loans .....		5,913	
<b>Production Record</b>			
Total Tonnage—7 years .....		295,312 tons	
		1939	1944
Annual Production (tons) .....		35,352	54,891
Sales Realization—per ton .....	\$	1.81	\$ 2.59
Total Cost—per ton .....		1.84	3.16

## SUMMARY

## BEVERLEY COAL COMPANY LIMITED, BEVERLEY, ALBERTA

Incorporated 1933

<b>Capital</b>			
Issued—Common .....	\$	200,000	
Consideration for issue of			
Capital—Properties .....	\$	200,000	
<b>Properties—Net Valuation</b> .....			
		1934	1944
	\$	203,772	\$ 184,648
<b>Net Current Position</b> .....		6,010	33,970
<b>Surplus or Deficit</b> .....		811	18,619
<b>Earnings Record</b>			
Profits—11 years			
(a) Before Income Tax .....	\$	19,085	
(b) After Income Tax .....		18,319	
<b>Annual Profit or Loss</b>			
		1935	1939
(a) Before Income Tax .....	\$	104	\$ 2,305
(b) After Income Tax .....		104	2,166
			4,866
<b>Dividend Record</b>			
Total Dividends Paid—11 years .....			Nil
<b>Depreciation and Depletion</b>			
Total Depreciation (11 years) charged to Operations .....	\$	57,900	
Total Depletion (11 years) charged to Operations .....		Nil	
<b>Assistance—Emergency Coal Production Board</b>			
Included in Accounts to 1944			
Production Subsidies (Receivable \$1,733) .....	\$	38,618	
<b>Total Paid to March 31, 1946</b>			
Production Subsidies .....	\$	82,369	
<b>Production Record</b>			
Total Tonnage—11 years .....			562,985 tons
<b>Annual Production (tons)</b> .....			
		1935	1939
		40,587	56,825
			31,556
<b>Per Man-Day Production (tons)</b> .....			
		3.9	4.2
			2.8
<b>Sales Realization—per ton</b> .....			
	\$	2.37	\$ 2.23
			\$ 2.99
<b>Total Cost—per ton</b> .....			
	\$	2.42	\$ 2.22
			\$ 4.40

## SUMMARY

EDMONTON COLLIERIES LIMITED, EDMONTON, ALBERTA

Incorporated 1940

## Capital

Issued—Common.....	\$	7,000
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## Consideration for issue of

Capital—Cash.....	\$	7,000
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Properties—Net Valuation.....	\$	8,846
Net Current Position.....		4,165
Surplus.....		6,777

1944

## Earnings Record

## Profits—4 years

(a) Before Income Tax.....	\$	7,556
(b) After Income Tax.....		5,107

## Annual Profit

(a) Before Income Tax.....	\$	3,013
(b) After Income Tax.....		1,801

1944

## Dividend Record

Total Dividends Paid—4 years.....	Nil
-----------------------------------	-----

## Depreciation and Depletion

Total Depreciation (4 years) charged to Operations.....	\$	2,514
Total Depletion (4 years) charged to Operations.....		Nil

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies.....	\$	4,780
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## Total Paid to March 31, 1946

(a) Production Subsidies.....	\$	14,646
(b) Loans.....		3,959

## Production Record

Total Tonnage—4 Years.....	81,060 tons
----------------------------	-------------

Annual Production (tons).....	23,818
-------------------------------	--------

1944

Per Man-Day Production (tons).....	3.9
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Sales Realization—per ton.....	\$ 2.41
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Total Cost—per ton.....	2.49
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## SUMMARY

## GREAT WEST COAL COMPANY LIMITED, EDMONTON, ALBERTA

## Capital

Issued—Common.....\$ 127,500

## Consideration for issue of

Capital—Properties.....\$ 127,500

	1930	1944
Properties—Net Valuation.....\$	5,564	\$ 44,319
Net Current Position.....	131,972	99,587
Surplus.....	15,540	15,484

## Earnings Record

## Profits—15 years

(a) Before Income Tax.....\$ 71,902  
 (b) After Income Tax.....55,923

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax.....\$	8,613	\$ 12,581	\$ 641	\$ 901
(b) After Income Tax.....	7,250	10,909	641	856

## Dividend Record

Total Dividends Paid—15 Years.....\$ 44,917  
 Rate on Capital—2.88 per cent for 4 years; 3.84 per cent for 2 years  
 and 16 per cent for 1 year.

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations.....\$ 62,137  
 Total Depletion (15 years) charged to Operations.....Nil

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies.....\$ 44,841

## Total Paid to March 31, 1946

Production Subsidies.....\$ 99,899

## Production Record

Total Tonnage—15 years.....1,131,658 tons

	1930	1935	1939	1944
Annual Production (tons).....	85,974	82,048	63,071	66,399
Per Man-Day Production (tons).....	—	—	3.3	2.9
Sales Realization—per ton.....\$	2.58	\$ 1.92	\$ 2.03	\$ 3.05
Total Cost—per ton.....	2.57	1.87	2.15	3.79



## SUMMARY

## KENT COAL COMPANY LIMITED, EDMONTON, ALBERTA

Incorporated 1934

## Capital

Issued—Common .....	\$ 16,006
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## Consideration for issue of

Capital—Cash .....	\$ 6,000
Properties .....	10,006

	1935	1944
Properties—Net Valuation .....	\$ 47,623	\$ 28,940
Net Current Position .....	3,445	3,496
Deficit .....	472	7,323

## Earnings Record

## Losses—10 years

(a) Before Income Tax .....	\$ 5,999
(b) After Income Tax .....	6,398

## Annual Loss

	1935	1939	1944
(a) Before Income Tax .....	\$ 472	\$ 555	\$ 5,045
(b) After Income Tax .....	472	555	5,444

## Dividend Record

Total Dividends Paid—10 years .....	Nil
-------------------------------------	-----

## Depreciation and Depletion

Total Depreciation (10 years) charged to Operations .....	\$ 25,825
Total Depletion (10 years) charged to Operations .....	Nil

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies (Receivable \$4,764) .....	\$ 50,726
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## Total Paid to March 31, 1946

Production Subsidies .....	\$ 93,110
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## Production Record

Total Tonnage—10 years .....	604,504 tons
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	1935	1939	1944
Annual Production (tons) .....	55,020	66,013	47,981
Sales Realization—per ton .....	\$ 1.87	\$ 1.71	\$ 2.88
Total Cost—per ton .....	1.91	1.77	3.92

## SUMMARY

## LAKESIDE COALS LIMITED, EDMONTON, ALBERTA

Incorporated 1917

Capital						
Issued—Common .....				\$ 634,276		
Consideration for issue of Capital—Cash Properties } .....				\$ 634,276		
			1930	1944		
Properties—Net Valuation .....	\$	540,200	\$	452,685		
Net Current Position .....		15,040		15,851		
Surplus or Deficit .....		40,211		161,507		
Earnings Record						
Losses—15 years						
(a) Before Income Tax .....	\$	99,022				
(b) After Income Tax .....		99,682				
Annual Loss		1930	1935	1939	1944	
(a) Before Income Tax .....	\$	395	\$	4	\$ 14,736	\$ 5,816
(b) After Income Tax .....		395		4	14,736	6,476
Dividend Record						
Total Dividends Paid—15 years .....					Nil	
Depreciation and Depletion						
Total Depreciation (15 years) charged to Operations .....	\$	160,076				
Total Depletion (15 years) charged to Operations .....		125,019				
Assistance—Emergency Coal Production Board						
Included in Accounts to 1944						
(a) Production Subsidies (Receivable \$35,616) .....	\$	29,670				
(b) Loans .....		27,650				
Total Paid to March 31, 1946						
(a) Production Subsidies .....	\$	117,802				
(b) Loans .....		13,825				
Production Record						
Total Tonnage—15 Years .....					1,250,190 tons	
		1930	1935	1939	1944	
Annual Production (tons) .....		69,686	64,734	58,175	126,156	
Per Man-Day Production (tons)—						
Wabamun Mine .....		—	4.65	4.05	3.51	
Robb Mine .....		—	3.10	3.15	2.41	
Sales Realization—per ton .....	\$	2.70	\$	2.30	\$ 2.30	\$ 3.66
Total Cost—per ton .....		2.75	2.41	2.65	4.39	

## SUMMARY

RED FLAME COAL COMPANY LIMITED, CAMROSE, ALBERTA  
Incorporated 1940

<b>Capital</b>		
Authorized—Common.....	\$ 20,000	
Issued—Common.....	\$ 13,500	
Consideration for issue of		
Capital—Cash.....	\$ 4,502	
Properties.....	8,998	
		1944
Properties—Net Valuation.....	\$ 9,015	
Net Current Position.....	1,168	
Deficit.....	1,519	
<b>Earnings Record</b>		
Profits—4 Years		
(a) Before Income Tax (after Subsidy Adjustment).....	\$ 10,381	
(b) After Income Tax (after Subsidy Adjustment).....	5,247	
<b>Annual Profit or Loss</b>		1944
(a) Before Income Tax.....	\$ 646	
(b) After Income Tax.....	646	
<b>Dividend Record</b>		
Total Dividends Paid—4 years.....	\$ 2,700	
Rate on Capital—20 per cent for one year.		
<b>Depreciation and Depletion</b>		
Total Depreciation (4 years) charged to Operations.....	\$ 10,833	
Total Depletion (4 years) charged to Operations.....	11,436	
<b>Assistance—Emergency Coal Production Board</b>		
Included in Accounts to 1944		
Production Subsidies (Receivable \$2,966).....	\$ 2,082	
Total Paid to March 31, 1946		
(a) Production Subsidies.....	\$ 35,480	
(b) Loan.....	5,329	
<b>Production Record</b>		
Total Tonnage—4 years.....	109,985 tons	
		1944
Annual Production (tons).....	33,030	
Per Man-Day Production (tons).....	2.9	
Sales Realization—per ton.....	\$ 3.02	
Total Cost—per ton.....	3.15	

## STRIPPING MINES OPERATING IN ALBERTA

## PRIVATELY FINANCED

Black Nugget Coal Company Limited (2 years).....	Production	80,921 tons
Coal Valley Mining Company Limited (15 years).....		2,044,790 tons
Dodds Coal Mine (2 years).....		61,498 tons
Sheerness Coal Company Limited (8 years).....		181,046 tons
Sterling Collieries Company Limited (15 years).....		1,905,306 tons
Tofield Coal Company Limited (15 years).....		864,597 tons
		<u>5,138,158 tons</u>

The following balance sheet shows the financial position of the companies as at the end of their fiscal periods in 1944 and 1945.

<i>Assets—</i>	
Properties.....	\$ 3,017,410.23
Less reserve for depletion and depreciation.....	1,354,979.49
Net Properties.....	1,662,430.74
Deferred.....	142,990.13
Net current position.....	540,181.81
	2,345,602.68
<i>Liabilities—</i>	
Share capital.....	\$ 1,619,000.00
Reserves.....	4,070.87
Surplus—Earned.....	216,159.86
Capital.....	170,019.08
Due to shareholders.....	295,671.67
Funded debt.....	40,681.20
	2,345,602.68

During the fifteen-year period reviewed, the following dividends have been paid:

<i>Company</i>	<i>Amount</i>
Coal Valley Mining Company Limited.....	\$ 200,000.00
Sterling Collieries Company Limited.....	80,000.00
Tofield Coal Company Limited.....	16,000.00

SUMMARY OF OPERATING RESULTS—1930 TO 1945

	1930 to 1942		1943 to 1945		Total	
	Amount	Per Ton	Amount	Per Ton	Amount	Per Ton
<b>Tonnage Sold.....</b>	tons		tons		tons	
	4,076,235		981,002		5,057,237	
	\$	\$	\$	\$	\$	\$
<b>Realization.....</b>	8,802,166.84	2.159	2,260,523.54	2.304	11,062,690.38	2.187
<i>Deduct Costs</i>						
Stripping.....	1,528,085.39	0.375	569,122.79	0.580	2,097,208.18	0.415
Labour.....	2,409,057.53	0.591	679,445.16	0.693	3,088,502.69	0.611
Material.....	895,102.75	0.220	175,649.36	0.179	1,070,752.11	0.212
Power.....	557,433.99	0.137	103,892.60	0.106	661,326.59	0.131
Taxes and Rentals.....	153,095.69	0.037	38,029.54	0.039	191,125.23	0.038
Royalties.....	173,916.75	0.043	40,930.38	0.042	214,847.13	0.042
Workmen's Compensation						
Board.....	115,730.96	0.028	34,526.83	0.035	150,257.79	0.030
Other Costs.....	345,321.93	0.085	75,360.93	0.077	420,682.86	0.083
Administration and Overhead..	1,321,779.23	0.324	251,736.07	0.257	1,573,515.30	0.311
	7,499,524.22	1.840	1,968,693.66	2.008	9,468,217.88	1.873
Depreciation.....	496,343.94	0.122	78,308.93	0.080	574,652.87	0.114
Depletion.....	519,124.72	0.127	121,835.67	0.124	640,960.39	0.127
Development.....	131,318.24	0.032	3,607.40	0.004	134,925.64	0.027
<b>Total Costs.....</b>	8,646,311.12	2.121	2,172,445.66	2.216	10,818,756.78	2.141
Net Profit on Stripping.....	155,855.72	0.038	88,077.88	0.088	243,933.60	0.046
Add Sundry Revenue.....	433,894.35	0.106	81,883.61	0.084	515,777.96	0.102
Net Profit, before Taxes.....	589,750.07	0.144	169,961.49	0.172	759,711.56	0.148
Deduct Income Taxes.....	246,195.46	0.061	83,432.29	0.085	329,627.75	0.065
<b>Net Profit.....</b>	343,554.61	0.083	86,529.20	0.087	430,083.81	0.083

In the later years the Sterling Company reduced its capital by \$500,000 and the Tofield Company by \$150,000, or a total of \$650,000, part of which is shown as amounts due to shareholders.

On the previous page is a statement of the operating results of these stripping mines. It shows that they have made a net profit after taxes of 8.3 cents per ton over the fifteen-year period after including a charge for depletion of 12.7 cents. During the period 1943 to 1945 the net profit on stripping operations was 8.8 cents per ton, compared with 3.8 cents per ton in the period 1930-1942.

#### Government Assistance

The only financial assistance received was a loan of \$2,029.34 to the Black Nugget Company, which was outstanding at March 31, 1946. No production subsidies have been paid to any of these stripping companies.

### SUMMARY

#### BLACK NUGGET COAL COMPANY LIMITED, CAMROSE, ALBERTA

Incorporated 1944

Capital		
Issued—Common.....	\$ 12,000	
Consideration for issue of Capital—Cash.....	\$ 12,000	
Properties—Net Valuation.....		1946
Net Current Position.....		\$ 74,660
Deficit.....		3,456
		10,291
Earnings Record		
Losses—2 years		
(a) Before Income Tax.....	\$ 10,291	
Annual Loss	1945	1946
(a) Before Income Tax.....	\$ 6,622	\$ 3,668
Dividend Record		
Total Dividends Paid—2 years.....	Nil	
Depreciation and Depletion		
Total Depreciation (2 years) charged to Operations.....	\$ 12,566	
Total Depletion (2 years) charged to Operations.....	8,092	
Assistance—Emergency Coal Production Board		
Included in Accounts to 1944		
Production Subsidies.....		Nil
Total Paid to March 31, 1946		
(a) Production Subsidies.....		Nil
(b) Loan.....		\$ 2,029
Production Record		
Total Tonnage—2 years.....	80,921 tons	
Annual Production (tons).....	1945	1946
	17,339	63,582
Sales Realization—per ton.....	\$ 2.20	\$ 2.11
Total Cost—per ton.....	2.60	2.18

## SUMMARY

## COAL VALLEY MINING COMPANY LIMITED, COALSPUR, ALBERTA

## Capital

Issued—Common.....	\$1,000,000		
	1930	1944	
Properties—Net Valuation.....	\$1,131,500	\$ 896,149	
Net Current Position.....	15,129	285,411	
Surplus.....	98,066	169,824	

## Earnings Record

## Profits—15 years

(a) Before Income Tax.....	\$ 384,025
(b) After Income Tax.....	266,812

## Annual Profit or Loss

	1930	1935	1939	1944
(a) Before Income Tax.....	\$ 4,891	\$ 24,408	\$ 14,934	\$ 2,716
(b) After Income Tax.....	4,806	16,927	11,352	2,716

## Dividend Record

Total Dividends Paid—15 years.....	\$ 200,000
Rate on Capital—1 per cent for 3 years, 2 per cent for 4 years. 3 per cent for 1 year, and 6 per cent for 1 year.	

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations.....	\$ 269,908
Total Depletion (15 years) charged to Operations.....	162,756

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944 Production Subsidies.....	Nil
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Total Paid to March 31, 1946 Production Subsidies.....	Nil
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## Production Record

Total Tonnage—15 years.....	2,044,790 tons
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	1930	1935	1939	1944
Annual Production (tons)	121,446	124,850	112,072	132,247
Per Man-Day Production (tons)	3.6	4.3	5.6	5.3
Sales Realization—per ton.....	\$ 2.44	\$ 2.22	\$ 2.22	\$ 2.79
Total Cost—per ton.....	2.51	2.21	2.22	3.09

## SUMMARY

## DODDS COAL MINE, DODDS, ALBERTA

Commenced 1944

PROPRIETORSHIP

	1945	
Properties—Net Valuation .....	\$ 18,171	
Net Current Position .....	7,476	
Proprietor's Capital .....	11,695	
Earnings Record		
Profits—2 years		
(a) Before Income Tax .....	\$ 7,718	
Annual Profit .....	1944	1945
	\$ 3,957	\$ 3,761
Dividend Record		
Total Dividends Paid—2 years .....	Nil	
Depreciation and Depletion		
Total Depreciation (2 years) charged to Operations .....	\$ 4,280	
Total Depletion (2 years) charged to Operations .....	6,150	
Assistance—Emergency Coal Production Board		
Included in Accounts to 1944		
Production Subsidies .....	Nil	
Total Paid to March 31, 1946		
Production Subsidies .....	Nil	
Production Record		
Total Tonnage—2 years .....	61,498 tons	
Annual Production (tons) .....	1944	1945
	27,101	34,397
Sales Realization—per ton .....	\$ 2.13	\$ 2.09
Total Cost—per ton .....	1.98	1.98

## SUMMARY

## SHEERNESS COAL COMPANY LIMITED, SHEERNESS, ALBERTA

Incorporated 1937

Capital		
Authorized—Common .....	\$ 10,000	
Issued—Common .....	\$ 3,000	
Consideration for issue of		
Capital—Cash .....	\$ 3,000	
Properties—Net Valuation .....	1938	1944
	\$ —	\$ 23,973
Net Current Position .....	2,567	11,797
Surplus or <i>Deficit</i> .....	—	7,870
Earnings Record		
Profits or <i>Losses</i> —8 years		
(a) Before Income Tax .....	\$ 12,091	
(b) After Income Tax .....	7,805	

## SUMMARY

SHERNESS COAL COMPANY LIMITED, SHERNESS, ALBERTA—*Concluded*

<b>Annual Profit or Loss</b>	1939.	1944
(a) Before Income Tax.....	\$ 347	\$ 4,840
(b) After Income Tax.....	363	2,904
<b>Dividend Record</b>		
Total Dividends Paid—8 years.....	Nil	
<b>Depreciation and Depletion</b>		
Total Depreciation (8 years) charged to Operations.....	\$ 11,131	
Total Depletion (8 years) charged to Operations.....	16,419	
<b>Assistance—Emergency Coal Production Board</b>		
Included in Accounts to 1944		
Production Subsidies.....	Nil	
Total Paid to March 31, 1946		
Production Subsidies.....	Nil	
<b>Production Record</b>		
Total Tonnage—8 years.....	181,046 tons	
	1939	1944
Annual Production (tons).....	8,178	47,149
Per Man-Day Production (tons).....	4.0	14.6
Sales Realization—per ton.....	\$ 1.44	\$ 1.65
Total Cost—per ton.....	1.49	1.55

## SUMMARY

## STERLING COLLIERIES LIMITED, STERCO, ALBERTA

Incorporated 1926

<b>Capital</b>				
Issued—Common.....		\$1,000,000		
Consideration for issue of				
Capital—Cash				
Properties }		\$1,000,000		
		1930	1944	
Properties—Net Valuation.....	\$1,143,898	\$	587,697	
Net Current Position.....	57,771		183,136	
Surplus or <i>Deficit</i> .....	163,736		23,307	
<b>Earnings Record</b>				
Profits—15 years				
(a) Before Income Tax.....	\$	323,996		
(b) After Income Tax.....		127,497		
<b>Annual Profit</b>	1930	1935	1939	1944
(a) Before Income Tax.....	\$ 8,120	\$ 7,252	\$ 53,795	\$ 20,899
(b) After Income Tax.....	8,120	5,917	39,448	12,565
<b>Dividend Record</b>				
Total Dividends Paid—15 years.....	\$	80,000		
Rate on Capital—1 per cent for 2 years and 2 per cent for 3 years.				
<b>Depreciation and Depletion</b>				
Total Depreciation (15 years) charged to Operations.....	\$	205,053		
Total Depletion (15 years) charged to Operations.....		343,780		



## SUMMARY

STERLING COLLIERIES LIMITED, STERCO, ALBERTA—*Concluded*

Assistance—Emergency Coal Production Board Included in Accounts to 1944 Production Subsidies.....					Nil
Total Paid to March 31, 1946 Production Subsidies.....					Nil
Production Record Total Tonnage—15 years.....					1,905,306 tons
		1930	1935	1939	1944
Annual Production (tons).....	133,733	123,119	109,935	135,270	
Sales Realization—per ton.....	\$ 2.36	\$ 2.25	\$ 2.23	\$ 2.77	
Total Cost—per ton.....	2.44	2.32	1.81	2.68	

## SUMMARY

## TOFIELD COAL COMPANY LIMITED, TOFIELD, ALBERTA

Capital Issued—Common.....					\$ 250,000 reduced to \$100,000
Consideration for issue of Capital—Cash Properties }.....					\$ 250,000
			1931		1945
Properties—Net Valuation.....			\$ 151,357	\$	60,780
Net Current Position.....			106,800		68,327
Surplus.....			13,156		17,755
Earnings Record Profits—15 years					
(a) Before Income Tax.....			\$ 31,882		
(b) After Income Tax.....			20,770		
Annual Profit or Loss		1931	1935	1939	1945
(a) Before Income Tax.....	\$ 5,170	\$ 9,385	\$ 795	\$ 7,408	
(b) After Income Tax.....	5,170	9,502	795	5,949	
Dividend Record Total Dividends Paid—15 years.....					\$ 16,000
Rate on Capital—2 per cent for 2 years and 4 per cent for 1 year.					
Depreciation and Depletion Total Depreciation (15 years) charged to Operations.....					\$ 84,280
Total Depletion (15 years) charged to Operations.....					111,855
Assistance—Emergency Coal Production Board Included in Accounts to 1944 Production Subsidies.....					Nil
Total Paid to March 31, 1946 Production Subsidies.....					Nil
Production Record Total Tonnage—15 years.....					864,597 tons
		1931	1935	1939	1945
Annual Production (tons).....	89,099	54,804	41,473	58,315	
Sales Realization—per ton.....	\$ 1.76	\$ 1.45	\$ 1.29	\$ 1.94	
Total Cost—per ton.....	1.72	1.69	1.32	1.82	

**COMPANIES OPERATING AS AN EMERGENCY WAR MEASURE AND FINANCED  
BY THE EMERGENCY COAL PRODUCTION BOARD**

	Production
Birnwel Coal Limited (1943-1946).....	352,093 tons
Camrose Collieries Limited (1943-1946).....	99,702 tons
Castor Creek Collieries Ltd. (1943-1946).....	53,498 tons
Continental Coal Corp. Ltd. (1944-1946).....	173,445 tons
Western Ventures Limited (1944-1946).....	127,086 tons
Majestic Mines Limited (1943-1946).....	38,106 tons
	<u>843,930 tons</u>

The above companies were formed during the war years as an emergency measure to obtain coal at any cost to aid the Canadian war effort. Production of 844,000 tons was obtained from these stripping operations from date of inception to the closing dates in 1946.

A final statement of affairs of these companies is shown by the following balance sheet made up to the end of the closing of their fiscal periods in 1946.

*Assets*

Plant and equipment—cost.....	\$ 751,186.17	
Current assets.....	\$ 49,690.17	
Less current liabilities.....	32,228.47	
		<u>17,461.70</u>
		<u>\$ 768,647.87</u>

*Liabilities*

Emergency Coal Production Board.....	\$1,417,211.03	
Share capital.....	\$ 87,852.00	
Less issued for leases or unpaid.....	75,300.00	
		<u>12,552.00</u>
Deficit.....	\$ 682,245.67	
Add deferred assets.....	10,722.59	
deferred stripping.....	10,496.10	
		<u>\$ 703,464.36</u>
Less depreciation reserve.....	\$ 19,304.00	
depletion reserve.....	23,045.20	
		<u>42,349.20</u>
		<u>661,115.16</u>
		<u>\$ 768,647.87</u>

*Government Assistance*

As mentioned previously, these companies were financed by the Dominion Government, and to March 31, 1946, the following amounts were unpaid, according to the records of the Emergency Coal Production Board:

	Loans
Camrose Collieries Limited.....	\$ 335,808.92
Castor Creek Collieries Limited.....	185,425.15
Birnwel Coal Company Limited.....	152,701.28
Majestic Mines Limited.....	189,033.53
Western Ventures Limited.....	353,572.52
Continental Coal Company.....	504,553.27
	<u>\$ 1,721,094.67</u>

The liability as shown by the statements of the various companies at the end of the 1946 fiscal periods was \$1,417,211.03, the difference of approximately \$304,000 representing cash payments and various adjustments still to be finalized by the Board.

Very little recovery of these loans is anticipated. According to the agreement, the plant and equipment is the property of the company when the capital loans have been repaid. As most of the capital loans have been repaid, the operating loans are unsecured and, therefore, are not deemed to be recoverable.

A statement follows, summarizing the result of the operations of these companies from date of inception to closing dates in 1946. A net loss of 91 cents per ton is shown after depreciation and depletion charges of 5.4 cents.

	Amount	Per Ton
Tons sold.....	817,414	
	\$	\$
Realization.....	3,020,846.86	3.696
<i>Deduct costs</i>		
Stripping costs including labour, material, power, haulage, tippel operations, Workmen's Compensation Board, etc.....	3,173,435.93	3.882
Taxes and rentals.....	22,714.14	0.028
Royalties.....	97,980.48	0.120
Administration and Overhead.....	453,689.11	0.555
	3,747,819.66	4.585
Depreciation.....	22,488.81	0.027
Depletion.....	22,270.80	0.027
Total cost.....	3,792,579.27	4.639
Loss on stripping operations.....	771,732.41	0.943
Deduct sundry revenue.....	27,005.07	0.033
Net loss.....	744,727.34	0.910

If the liability of \$1,417,211.03 to the Emergency Board were regarded as a further loss, the per-ton loss would be increased by \$1.73 or a total per-ton loss of \$2.64.

A short review of the "Government-sponsored Strip Mines in Alberta," dealing with the need for this project, is given in the chapter "Government in Relation to the Coal Industry."

#### OTHER COMPANIES OPERATING IN ALBERTA

Alexo Coal Company Limited, Alexo, Alta.

Big Horn and Saunders Creek Collieries Limited, Saunders Creek, Alta.

Foothills Collieries Limited, Foothills, Alta.

Lethbridge Collieries Limited, Lethbridge, Alta.

As the above four companies operate in widely separated areas which present many different physical aspects, they are not capable of being grouped either with each other or with other fields and consequently are dealt with individually.

Their history, financial position, operating results, et cetera, now follow.

## ALEXO COAL COMPANY LIMITED

### ALEXO, ALBERTA

Alexo Coal Company Limited has operated for many years in the Saunders district in Central Alberta, with a total production over the years reviewed of 334,778 tons.

Authorized share capital is \$200,000, of which there is issued \$125,900. Of the issued capital, \$103,700 was for a cash consideration and \$22,200 for leases.

Bonds at 6 per cent were issued in 1930 in partial settlement of loans and accrued interest to the amount of \$59,400. As at March 31, 1944, no principal had been paid on these thirty-year sinking fund debentures nor cash provided for a sinking fund. Additional loans from shareholders were outstanding at the same date totalling \$19,949.67.

Bond interest was paid only for the year 1931. For the years 1932-1940 the interest was waived by the holders, and the outstanding interest in 1944 represents four years' (1941-1944) accumulation at 6 per cent simple interest in the amount of \$14,256.

The comparative financial position of the company is shown by the following balance sheets as at March 31, 1930 and 1944.

	1930	1944
	\$	\$
<i>Assets—</i>		
Net property value.....	272,951.41	243,025.11
Net current position.....	60,187.82	13,660.21
	333,139.23	229,364.90
<i>Liabilities—</i>		
Share capital.....	125,900.00	125,900.00
Funded debt, with accrued interest and loans from shareholders.....	59,400.00	93,605.67
Surplus.....	147,839.23	9,859.23
	333,139.23	229,364.90

ALEXO COAL COMPANY LIMITED, ALEXO, ALBERTA

SUMMARY OF OPERATIONS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
Tonnage.....		Tons 147,160			Tons 78,917			Tons 108,701			Tons 334,778	
Realization.....		\$ 582,412.73	\$ 3.958		\$ 289,393.12	\$ 3.667		\$ 486,146.73	\$ 4.473		\$ 1,357,952.58	\$ 4.056
<i>Deduct Costs</i>												
Labour.....	65.820	463,018.23	3.146	59.232	211,424.39	2.679	60.569	351,491.97	3.234	62.528	1,025,934.59	3.065
Material.....				6.324	22,572.41	0.286	5.497	31,897.85	0.294	3.320	54,470.26	0.163
Power.....				0.770	2,750.00	0.035	2.608	15,134.00	0.139	1.090	17,884.00	0.053
Repairs and Maintenance.....	1.610	11,324.11	0.077	1.173	4,187.18	0.053	1.921	11,149.81	0.103	1.625	26,661.10	0.080
Workmen's Compensation Board.....	2.546	17,908.62	0.122	3.311	11,817.22	0.150	5.231	30,354.11	0.279	3.662	60,079.95	0.179
Insurance and Taxes.....	2.057	14,468.49	0.098	2.191	7,819.16	0.099	1.821	10,567.88	0.097	2.003	32,855.53	0.098
Royalties.....	1.024	7,200.10	0.049	0.953	3,402.65	0.043	0.866	5,025.45	0.046	0.953	15,628.20	0.047
Rentals.....	1.651	11,612.74	0.079	1.358	4,848.14	0.061	0.802	4,651.73	0.043	1.287	21,112.61	0.063
Development.....	0.455	3,205.33	0.022				1.019	5,910.76	0.054	0.556	9,115.09	0.027
Selling Expense.....	6.482	45,599.10	0.310	6.899	24,625.86	0.312	4.724	27,417.47	0.252	5.951	97,642.43	0.292
Administration.....	8.331	58,604.43	0.398	10.465	37,353.10	0.473	9.056	52,556.16	0.084	9.052	148,513.69	0.444
	89.976	632,940.15	4.301	92.676	330,800.11	4.191	94.114	546,157.19	5.025	92.027	1,509,897.45	4.511
Depreciation.....	7.933	55,807.19	0.379	5.113	18,251.84	0.232	4.013	23,289.74	0.214	5.933	97,348.77	0.290
Depletion.....	2.091	14,716.00	0.100	2.211	7,892.36	0.100	1.873	10,870.50	0.100	2.040	33,478.86	0.100
Total Costs.....	100.000	703,463.34	4.780	100.000	356,944.31	4.523	100.000	580,317.43	5.339	100.000	1,640,725.08	4.901
Profit or Loss on Operations.....		121,050.61	0.822		67,551.19	0.856		94,170.70	0.866		282,772.50	0.845
Bond Interest.....		3,564.00	0.024					14,256.00	0.131		17,820.00	0.053
Profit or Loss.....		124,614.61	0.846		67,551.19	0.856		108,426.70	0.997		300,592.50	0.898
Sundry Revenue.....		57,826.68	0.393		26,512.36	0.336		23,190.90	0.213		107,529.94	0.321
Subsidies.....								65,731.73	0.605		65,731.73	0.196
Profit or Loss, before Income Tax.....		66,787.93	0.453		41,038.83	0.520		19,504.07	0.179		127,830.83	0.381
Income Taxes.....		1,762.58	0.012					1,370.06	0.012		3,132.64	0.009
Profit or Loss.....		68,550.51	0.465		41,038.83	0.520		20,874.13	0.191		130,463.47	0.390

Additions to property over the terms of years reviewed amounted to \$80,000.

Dividends at 3 per cent were paid in the years 1930 and 1931.

### Operating Results

On the facing page, the summary of operations over the fifteen years shows a total loss of 39 cents per ton, which is exactly the amount per ton for depreciation and depletion.

Subsidies were received by Alexo for the years 1943 and 1944 at the rate of 92 cents and \$1.94 per ton, respectively, for a total amount of \$65,731.73. Total production subsidies to March 31, 1946, amounted to \$92,773.01.

Using representative years, an analysis of the profit and loss account (per ton) follows:

	1930	1935	1939	1944
Tonnage.....	40,688	18,904	17,621	22,410
	\$	\$	\$	\$
Sales.....	4.427	3.449	3.927	4.846
Sundry Revenue.....	0.214	0.364	0.453	0.239
Subsidy.....				1.939
	4.641	3.813	4.380	7.024
<i>Deduct</i>				
Labour, material, etc.....	3.115	2.971	3.379	4.944
General charges.....	0.357	0.397	0.409	0.729
Depreciation and depletion.....	0.661	0.340	0.356	0.316
Selling and administration expense.....	0.442	0.701	0.600	0.748
Bond interest.....				0.159
	4.575	4.409	4.744	6.896
Profit or loss.....	0.066	0.596	0.364	0.128

Production per man-day for the years 1943 and 1944 was 1.80 tons.

## SUMMARY

## ALEXO COAL COMPANY LIMITED, ALEXO, ALBERTA

## Capital

Authorized—Common .....	\$ 200,000
Issued—Common .....	\$ 125,900
Consideration for issue of Capital—Cash .....	\$ 103,700
Properties .....	22,200

	1930	1944
Properties—Net Valuation .....	\$ 272,951	\$ 243,025
Net Current Position .....	60,187	13,660
Surplus .....	147,839	9,859

## Earnings Record

## Losses—15 years

(a) Before Income Tax .....	\$ 127,330
(b) After Income Tax .....	130,463

Annual Profit or Loss	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 2,675	\$ 14,853	\$ 9,941	\$ 2,860
(b) After Income Tax .....	2,675	14,853	9,941	1,490

## Dividend Record

Total Dividends Paid—15 years .....	\$ 7,551
Rate on Capital—3 per cent for 1930 and 1931.	

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 97,349
Total Depletion (15 years) charged to Operations .....	33,479

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944 Production Subsidies .....	\$ 65,732
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## Total Paid to March 31, 1946

Production Subsidies .....	\$ 92,773
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## Production Record

Total Tonnage—15 years .....	334,778 tons
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	1930	1935	1939	1944
Annual Production (tons) .....	40,688	18,904	17,621	22,410
Per Man-Day Production (tons) .....	—	—	—	1.80
Sales Realization—per ton .....	\$ 4.43	\$ 3.45	\$ 3.93	\$ 4.85
Total Cost—per ton .....	4.57	4.41	4.74	6.90

BIG HORN AND SAUNDERS CREEK COLLIERIES LIMITED, SAUNDERS CREEK, ALBERTA

STATEMENT OF OPERATIONS—1930 to 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
Tonnage.....		Tons 114,094			Tons 87,909			Tons 174,893			Tons 376,896	
		\$	\$		\$	\$		\$	\$		\$	\$
Realization.....		442,494.58	3.878		310,552.61	3.533		761,619.57	4.355		1,514,666.76	4.019
Sundry Revenue.....		42,801.14	0.375		29,277.80	0.333		45,970.35	0.263		118,049.29	0.313
		485,295.73	4.253		339,830.41	3.866		807,589.92	4.618		1,632,716.05	4.332
<i>Deduct Costs</i>												
Labor.....	56.136	294,211.94	2.579	54.261	213,207.41	2.425	60.798	504,167.44	2.883	57.928	1,011,586.79	2.684
Material.....	7.895	41,376.18	0.363	6.314	24,811.40	0.282	7.375	61,154.12	0.350	7.292	127,341.70	0.338
Power.....	7.423	38,906.90	0.341	7.897	31,028.00	0.353	10.167	84,313.38	0.482	8.833	154,248.28	0.409
Royalties.....	0.982	5,145.55	0.045	1.005	3,946.76	0.045	0.925	7,669.47	0.044	0.960	16,761.78	0.044
Workmen's Compensation												
Board.....	2.497	13,088.13	0.115	3.375	13,263.27	0.151	6.022	49,937.49	0.286	4.369	76,288.89	0.202
Insurance.....	1.377	7,218.92	0.063	0.698	2,743.63	0.031	0.288	2,388.91	0.014	0.707	12,351.46	0.033
Taxes and Rentals.....	2.828	14,821.63	0.130	2.228	8,756.48	0.100	1.587	13,160.22	0.075	2.104	36,738.33	0.097
Selling Expenses.....	2.077	10,884.34	0.095	2.144	8,423.62	0.096	1.092	9,053.89	0.052	1.624	28,361.85	0.075
Administration.....	6.409	33,591.11	0.294	7.232	28,416.45	0.323	4.669	38,716.42	0.221	5.768	100,723.98	0.267
		87.624	4.025	85.154	334,597.02	3.806	92.923	770,561.34	4.407	89.585	1,564,403.06	4.149
Depreciation.....	10.198	53,448.23	0.468	12.608	49,542.14	0.564	4.968	41,197.71	0.235	8.257	144,188.08	0.383
Depletion.....	2.178	11,414.46	0.100	2.238	8,790.98	0.100	2.109	17,489.40	0.100	2.158	37,694.84	0.100
		100.000	4.593	100.000	392,930.14	4.470	100.000	829,248.45	4.742	100.000	1,746,285.98	4.632
Profit or Loss on Operations.....		38,811.67	0.340		53,099.73	0.604		21,658.53	0.124		118,569.93	0.300
Bond and General Interest.....		199,650.39	1.750		16,727.57	0.190		21,324.66	0.122		237,702.62	0.631
Profit or Loss.....		238,462.06	2.090		69,827.30	0.794		42,983.19	0.246		351,272.55	0.931
Subsidy.....								12,374.69	0.071		12,374.69	0.033
Net Profit or Loss.....		238,462.06	2.090		69,827.30	0.794		30,608.50	0.175		338,897.86	0.898

FINANCIAL ASPECTS—ALBERTA



## BIG HORN AND SAUNDERS CREEK COLLIERIES LIMITED

## SAUNDERS CREEK, ALBERTA

This company operates in the Saunders Creek area of Central Alberta, and has produced 376,896 tons of coal over the fifteen-year period.

Share capital has been issued of \$228,200, and 8 per cent bonds in the amount of \$200,000 were exchanged for coal properties.

With the exception of the sum of \$4,000 paid in the year 1943 and \$8,000 paid in 1944 and representing interest at 2 per cent on the outstanding bonds, the interest on the bonds has not been paid and has accumulated to the undernoted figure in 1944.

The undernoted balance sheet shows the financial position of the company in 1930 and 1944.

	1930	1944
<i>Assets—</i>	\$	\$
Net properties.....	476,682.63	196,799.87
Deferred.....	1,215.47	1,732.12
Net current position.....	33,412.09	41,939.29
	511,310.19	240,471.28
<i>Liabilities—</i>		
Capital.....	228,200.00	228,200.00
Funded debt.....	200,000.00	200,000.00
Accrued interest on funded debt.....	207,753.13	243,772.60
<i>Deficit</i> .....	124,642.94	431,501.32
	511,310.19	240,471.28

On the previous page is a statement of the operations over the fifteen years. Before making provision for depletion, depreciation and bond interest, the company shows a profit of 18 cents per ton. After the above named charges are included, a per-ton loss of 90 cents results.

The company manages to keep operating as depreciation and depletion are non-cash items and, as mentioned previously, the bond interest has not been paid. Approximately \$18,000 has been added to plant during the period.

*Government Assistance*

Production subsidy to the amount of \$25,163.77 was received to March 31, 1946. Of this amount, the sum of \$12,374.69 was in respect of the year 1944 and represented 32 cents per ton.

For the years as shown a summary of the profit and loss account per ton and the production per man-day is as follows:

	1930	1935	1939	1944
Tonnage.....	27,900	20,311	22,113	38,283
Sales.....	\$ 4.237	\$ 3.60	\$ 3.499	\$ 5.023
Sundry revenue.....	0.317	0.37	0.344	0.257
Subsidy.....				0.323
	4.554	3.97	3.843	5.603
Mining cost.....	3.687	2.89	3.181	4.473
General charges.....	0.140	0.17	0.195	0.430
Depreciation and depletion.....	0.300	0.70	0.665	0.180
Administration.....	1.343	0.63	0.547	0.340
	5.470	5.03	4.778	5.545
Profit or loss.....	0.916	1.06	0.935	0.058
Tons produced per man-day.....	3.450	1.90	2.420	2.160

## SUMMARY

## BIG HORN AND SAUNDERS CREEK COLLIERIES LIMITED, SAUNDERS, ALBERTA

## Capital

Issued—Common .....	\$ 228,200
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Consideration for issue of Capital—Cash Properties } .....	\$ 228,200
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	1930	1944
Properties—Net Valuation .....	\$ 476,683	\$ 196,800
Net Current Position .....	33,412	41,939
Deficit .....	124,643	431,501

## Earnings Record

## Losses—15 years

(a) Before Income Tax .....	\$ 338,897
(b) After Income Tax .....	338,897

Annual Profit or Loss	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 25,848	\$ 21,575	\$ 20,683	\$ 2,241

## Dividend Record

Total Dividends Paid—15 years .....	Nil
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## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 144,188
Total Depletion (15 years) charged to Operations .....	37,695

## Assistance—Emergency Coal Production Board

Included in Accounts to 1944 Production Subsidies .....	\$ 12,375
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## Total Paid to March 31, 1946

Production Subsidies .....	\$ 25,164
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## Production Record

Total Tonnage—15 years .....	376,896 tons
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	1930	1935	1939	1944
Annual Production (tons) .....	27,900	20,311	22,113	38,283
Per Man-Day Production (tons) .....	3.45	1.90	2.42	2.16
Sales Realization—per ton .....	\$ 4.24	\$ 3.60	\$ 3.50	\$ 5.02
Total Cost—per ton .....	5.47	5.03	4.78	5.55

## FOOTHILLS COLLIERIES LIMITED, FOOTHILLS, ALBERTA

## STATEMENT OF OPERATIONS—1930 TO 1944

	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
		Tons			Tons			Tons			Tons	
Tonnage.....		291,660			185,778			328,144			805,582	
		\$	\$		\$	\$		\$	\$		\$	\$
Realization.....		997,016.12	3.418		540,823.42	2.911		1,022,938.49	3.118		2,560,778.03	3.179
<i>Deduct Costs</i>												
Underground.....	58.199	633,024.83	2.170	57.548	348,918.71	1.878	57.669	663,918.67	2.024	57.846	1,645,862.21	2.043
Surface.....	23.130	251,583.72	0.862	23.624	143,237.18	0.770	22.452	258,485.43	0.788	22.961	653,306.33	0.811
Insurance.....	1.437	15,630.93	0.054	1.903	11,538.71	0.062	1.372	15,794.36	0.048	1.510	42,964.00	0.053
Workmen's Compensation Board.....	2.657	28,896.03	0.099	3.522	21,355.10	0.115	5.301	61,029.06	0.186	3.911	111,280.19	0.138
Taxes, Rentals and Royalties.....	2.495	27,137.56	0.093	3.830	23,224.36	0.125	2.679	30,839.29	0.094	2.854	81,201.21	0.102
Administration and Overhead.....	4.258	46,310.13	0.159	4.985	30,225.27	0.163	4.159	47,882.48	0.146	4.373	124,417.88	0.154
	92.176	1,002,583.20	3.437	95.412	578,499.33	3.113	93.632	1,077,949.29	3.286	93.455	2,659,031.82	3.301
Depreciation.....	3.996	43,467.28	0.149	2.149	13,032.34	0.070	2.305	26,539.27	0.081	2.918	83,038.89	0.103
Depletion.....	2.963	32,234.42	0.110	2.223	13,479.00	0.073	2.198	25,302.37	0.077	2.496	71,015.79	0.088
Development.....	0.865	9,401.08	0.032	0.216	1,305.72	0.007	1.865	21,471.88	0.065	1.131	32,178.68	0.040
	100.000	1,087,685.98	3.728	100.000	606,316.39	3.263	100.000	1,151,262.81	3.509	100.000	2,845,265.18	3.532
Loss on Operations.....		90,669.86	0.310		65,492.97	0.352		128,324.32	0.391		284,487.15	0.353
Add Sundry Revenue.....		65,490.44	0.224		44,651.61	0.240		54,994.68	0.168		165,136.73	0.205
Subsidies.....								73,811.04	0.225		73,811.04	0.092
Net Profit or Loss.....		25,179.43	0.086		20,841.36	0.112		481.40	0.002		45,539.38	0.056

## FOOTHILLS COLLIERIES LIMITED

## FOOTHILLS, ALBERTA

This company operates in the Coalspur district of Northern Alberta, and has produced a total of 913,000 tons over the fifteen-year period.

Share capital has been issued of \$190,700, on which there remains unpaid \$4,130.

A comparison of the financial position in 1930 and 1944 is shown by the following balance sheet.

	1930	1944
	\$	\$
<i>Assets—</i>		
Net property value.....	173,519.13	164,627.36
Deferred.....	870.50	4,993.85
Net current position— <i>deficiency</i> .....	56,048.65	60,753.12
	118,340.98	108,868.09
	\$	\$
<i>Liabilities—</i>		
Share capital.....	186,570.00	186,570.00
Deficit.....	68,229.02	77,701.91
	118,340.98	108,868.09

The deficiency in the current position in 1944 includes a loan from the Emergency Coal Production Board of \$6,400 and \$43,600 due on the purchase of mine leases, et cetera, including accrued interest.

Dividends have not been paid in any of the years from 1930-1944.

A summary of the operating results is shown on the facing page. An average loss of 5.6 cents per ton has been incurred after making provision for depreciation and development of 14.3 cents and 8.8 cents for depletion.

Man-day production varies from a low in 1934 of 2.56 tons to a high in 1944 of 3.83 tons.

*Government Assistance*

To March 31, 1946, this company received the sum of \$152,606.55 from the Dominion Government, of which \$146,170.43 represented production subsidies. The balance is carried as a loan from the Emergency Coal Production Board.

Up to 1944, production subsidies received totalled \$73,811.04.

## SUMMARY

## FOOTHILLS COLLIERIES LIMITED, FOOTHILLS, ALBERTA

## Capital

Issued—Common.....\$ 186,570

Consideration for issue of  
Capital—Cash  
Properties }.....\$ 186,570

	1930	1944
Properties—Net Valuation.....	\$ 173,519	\$ 164,627
Net Current Position.....	56,049	60,753
Deficit.....	68,229	77,702

## Earnings Record

## Losses—15 years

(a) Before Income Tax.....\$ 45,539  
(b) After Income Tax.....49,977

Annual Profit or Loss	1930	1935	1939	1944
(a) Before Income Tax.....	\$ 6,833	\$ 2,511	\$ 1,570	\$ 4,985
(b) After Income Tax.....	6,833	2,511	1,570	2,885

## Dividend Record

Total Dividends Paid—15 years..... Nil

## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations.....\$ 83,039  
Total Depletion (15 years) charged to Operations.....71,016

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

(a) Production Subsidies.....\$ 73,811  
(b) Loans.....6,409

## Total Paid to March 31, 1946

(a) Production Subsidies.....\$ 146,170  
(b) Loans.....6,409

## Production Record

Total Tonnage—15 years..... 913,065 tons

	1930	1935	1939	1944
Annual Production (tons).....	69,048	56,617	46,432	117,203
Per Man-Day Production (tons).....	2.77	2.77	2.80	3.83
Sales Realization—per ton.....	\$ 3.71	\$ 2.88	\$ 3.08	\$ 3.21
Total Cost—per ton.....	3.89	3.16	3.46	3.93

## LETHBRIDGE COLLIERIES LIMITED

LETHBRIDGE, ALBERTA

Lethbridge Collieries Limited was organized in 1935, taking over the properties of three predecessor companies.

The authorized and issued share capital consists of 60,000 A shares and 10,000 B shares, which had a par value of \$10 each.

Of the capital, 60,000 of each of the A and B shares were issued for certain of the fixed assets and inventories of the predecessor companies, and the remaining 40,000 B shares were issued for a cash consideration of \$400,000.

In October of 1941, the share capital was reduced by \$200,000, representing a reduction in the par value of each class of shares to \$8.75 per share. This reduction was in the form of a cash repayment of \$84,800 to shareholders, and a writing-off of assets not in use of \$68,214.71 and \$46,985.29 of capital charges.

A comparison of the financial position of the company as at the end of the fiscal years in 1936 and 1944 is shown hereunder:

	1936	1944
	\$	\$
<i>Assets—</i>		
Property values less reserves.....	1,441,254.99	1,015,983.73
Deferred.....	5,002.87	20,276.57
Net current position.....	223,298.87	507,353.61
	1,669,556.73	1,543,613.91
	\$	\$
<i>Liabilities—</i>		
Capital.....	1,600,000.00	1,400,000.00
Surplus.....	69,556.73	143,613.91
	1,669,556.73	1,543,613.91

Comparison of the fixed assets in 1936 and 1944 shows net property additions of \$267,716.23.

During the period reviewed, total dividend payments were made of \$306,000.

As is shown on the statement on page 246, profits before taxation totalled \$536,033.01, or 20 cents per ton. After taxes of 5 cents per ton, the Company had net earnings of 15 cents. Depletion is not set up in the books of the company or included in the foregoing figures. By charging the usual allowance of 10 cents, the company would earn 5 cents per ton after depletion.

Using the undernoted representative years, the following are the costs and production per man-day:

	1936	1939	1944
	\$	\$	\$
Costs per ton.....	3.00	3.26	3.80
	Tons	Tons	Tons
Tons produced per man-day.....	3.48	3.27	3.46

*Government Assistance*

Up to March 31, 1944, the company had not received any subsidy assistance. Commencing April 1, 1944, and up to March 31, 1946, however, the sum of \$128,204.84 had been paid by the Emergency Coal Production Board, representing \$118,604.84 in production subsidy and \$9,600 by way of a non-interest bearing loan.

## LETHBRIDGE COLLIERIES LIMITED, LETHBRIDGE, ALBERTA

## STATEMENT OF OPERATIONS—1936 TO 1944

	1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
Tonnage.....		Tons 1,011,182			Tons 1,662,203			Tons 2,673,385	
		\$	\$		\$	\$		\$	\$
Realization.....		3,144,495.16	3.110		5,810,255.29	3.495		8,954,750.45	3.350
<i>Deduct Costs</i>									
Labor.....	56.684	1,743,865.88	1.724	59.486	3,400,688.13	2.046	58.506	5,144,557.01	1.924
Material.....	11.191	344,284.98	0.341	11.415	652,592.31	0.393	11.337	996,877.29	0.373
Power.....	3.122	96,050.12	0.095	2.476	141,529.00	0.085	2.702	237,579.12	0.089
Royalties and Rentals.....	4.949	152,252.96	0.151	4.392	251,055.00	0.151	4.587	403,307.96	0.151
Workmen's Compensation Board.....	2.771	85,244.61	0.084	4.343	248,305.64	0.149	3.793	333,550.25	0.125
Insurance.....	0.393	12,087.23	0.012	0.308	17,618.93	0.011	0.338	29,706.16	0.011
Taxes and Rentals.....	1.111	34,180.38	0.034	0.973	55,640.67	0.033	1.021	89,821.05	0.033
Other Costs.....	0.842	25,917.89	0.026	0.823	47,045.50	0.028	0.830	72,963.39	0.027
Selling Expenses.....	4.596	141,380.89	0.140	2.477	141,622.18	0.085	3.218	283,003.07	0.106
Administration.....	5.269	162,111.91	0.160	3.762	215,056.76	0.130	4.289	377,168.67	0.142
	90.928	2,797,379.85	2.767	90.455	5,171,154.12	3.111	90.621	7,968,533.97	2.981
Depreciation.....	9.072	279,074.64	0.276	9.545	545,635.10	0.328	9.379	824,709.74	0.308
	100.000	3,076,454.49	3.043	100.000	5,716,789.22	3.439	100.000	8,793,243.71	3.289
Profit on Operations.....		68,040.67	0.067		93,466.07	0.056		161,506.74	0.061
Sundry Revenue.....		118,138.95	0.117		256,387.32	0.154		374,526.27	0.140
Profit before Taxes.....		186,179.62	0.184		349,853.39	0.210		536,033.01	0.201
<i>Deduct Income Taxes</i> .....		23,760.46	0.023		115,728.02	0.070		139,488.48	0.052
Net Profit.....		162,419.16	0.161		234,125.37	0.140		396,544.53	0.149

## SUMMARY

## LETHBRIDGE COLLIERIES LIMITED, LETHBRIDGE, ALBERTA

Incorporated 1935

## Capital

Authorized—Common—A.....	\$ 600,000
Common—B.....	1,000,000

Issued—Common—A.....	\$ 525,000
Common—B.....	875,000

Consideration for issue of Capital—Cash.....	\$ 400,000
Properties.....	1,000,000

	1936	1944
Properties—Net Valuation.....	\$1,441,255	\$1,015,984
Net Current Position.....	223,299	507,354
Surplus.....	69,557	143,614

## Earnings Record

## Profits—9 years

(a) Before Income Tax.....	\$ 536,033
(b) After Income Tax.....	396,544

## Annual Profit

	1936	1939	1944
(a) Before Income Tax.....	\$ 84,906	\$ 37,934	\$ 40,230
(b) After Income Tax.....	73,906	33,458	34,702

## Dividend Record

Total Dividends Paid—9 years.....	\$ 306,000
Rate on Capital—1½ per cent for 1 year, 2 per cent for 1 year, 3 per cent for 4 years, and 5 per cent for 1 year.	

## Depreciation and Depletion

Total Depreciation (9 years) charged to Operations.....	\$ 824,710
Total Depletion (9 years) charged to Operations.....	—

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies.....	Nil
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## Total Paid to March 31, 1946

(a) Production Subsidies.....	\$ 118,605
(b) Loan.....	9,600

## Production Record

Total Tonnage—9 years.....	2,729,071 tons
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	1936	1939	1944
Annual Production (tons).....	280,852	244,930	455,568
Per Man-day Production (tons).....	3.48	3.27	3.46
Sales Realization—per ton.....	\$ 3.15	\$ 3.29	\$ 3.69
Total Cost—per ton.....	3.00	3.26	3.80



## BRITISH COLUMBIA

CANADIAN COLLIERIES (DUNSMUIR) LIMITED  
AND SUBSIDIARIES

## NANAIMO, BRITISH COLUMBIA

In 1910 Canadian Collieries was incorporated, and acquired the holdings of the Wellington Securities in consideration of the issue of the following securities:

	Consideration
Common Shares.....\$10,000,000.00.....	Assignment to Company of agreement for sale with Wellington Securities.
Preferred Shares 7 per cent Cumulative.....\$ 5,000,000.00.....	Cash.
5 per cent First Mortgage Gold Bonds.....\$10,000,026.67.....	\$9,500,000.00—Cash at \$95.00

In 1914 an issue of £50,000 (\$243,333.33)—6 per cent—3-year notes realized \$200,000.

The Vancouver Island Coals Limited (formerly Wellington-Comox Agency Limited) was formed primarily for the purpose of enabling Canadian Collieries to raise moneys and secure advances. In 1914 it issued and sold at par £150,000 (\$729,990) 7 per cent income bonds as security for a similar amount advanced to Canadian Collieries Limited. Under a scheme of compromise with the bondholders in the year 1920 the holders of these 7 per cent income bonds received \$445,800 in 6 per cent serial bonds, which were subsequently redeemed by instalments and finally paid off in 1924. For the unpaid interest, amounting to \$255,471.35, on the 7 per cent income bonds, the holders received 10,000 common shares of R. Dunsmuir Sons Company (of California) valued at \$539,661.35, which shares had been the property of Canadian Collieries Limited.

The ordinary shares of Vancouver Island Coals (\$500,000) were issued to Canadian Collieries in respect of the sales contract, and in the consolidated balance sheet of the various companies are shown at the nominal value of \$1. This company is now the selling agency of the parent company.

As at June 30, 1920, a reorganization of the various companies was effected whereby the common shares were reduced from \$10,000,000 to \$100,000, or a decrease of \$9,900,000. The preferred shares were reduced from \$5,000,000 to \$1,500,000 by the cancellation of shares to the extent of \$3,500,000.

The 5 per cent first mortgage bonds of \$10,000,026.67 were adjusted by a payment of \$987,154.67 and the issue of "A" and "B" income debentures in the amount of \$9,012,872.

The interest on the bonds was unpaid from March 1, 1914, to June 30, 1920, amounting to \$3,799,888.47 and was settled by the issue of 185,196 preferred shares of \$10 each (\$1,851,960) and 925,980 common shares of \$1 each (\$925,980).

The sum of \$272,141.81 was outstanding at June 30, 1920, in respect of the 6 per cent 3-year Treasury Notes, and in satisfaction there were issued 25,000 preferred shares of \$10 each (\$250,000).

According to the report of the Commissioner (The Hon. Mr. Justice M. A. Macdonald) in 1937, in connection with the affairs of this company, the above "rearrangement" of securities was adjusted in the books by the writing down of property values, the writing off on "discount on securities" and sundry adjustments to the profit and loss account.

In 1928 Canadian Collieries purchased the common shares of Western Fuel Corporation of Canada Limited, being 3,000,000 shares of \$1 each, for a cash consideration of \$1,725,000. Western Fuel owned and operated mines in and near Nanaimo, and the change of ownership did not affect the operations.

Western Fuel Corporation had outstanding 8 per cent sinking fund bonds amounting to \$2,000,000 at the date of the acquisition of its common shares by Canadian Collieries. These bonds were redeemed in 1928 by the issue of 7 per cent sinking fund bonds in the amount of \$2,000,000, and these bonds were finally redeemed by instalments which ended June 30, 1939.

Also in the year 1928 Wellex Securities was incorporated, the main function of this company being to purchase the income debentures (A and B) of Canadian Collieries with funds acquired from the parent company. Up to 1944 Wellex had purchased \$2,427,031 of these income debentures at a cost of \$369,435, resulting in a capital profit of \$2,057,596.

As at June 30, 1944, the following securities were held by the public:

Common Shares (par value \$1.00) .....	\$ 1,025,980.00
Preferred Shares (\$10.00 each) .....	3,601,960.00
	<hr/>
Total Capital .....	\$ 4,627,940.00
"A" Debentures .....	319,292.00
"B" Debentures .....	2,169,818.00
	<hr/>
	<u>\$ 7,117,050.00</u>

No dividends have been paid on either the 7 per cent preferred cumulative shares or on the common shares of the company.

In 1941, McLeod River Hard Coal Company (1941) Limited was incorporated with an ordinary share capital of \$50,000, which shares were all issued to Wellex Securities for a consideration of the leasehold properties.

Debentures in the amount of \$400,000 were also issued by the McLeod River Company, which are held by Wellex Securities Limited. The proceeds of these debentures have been invested in plant and equipment.

A chart, showing the inter-relationship of the various companies and the outstanding capital and funded debt as at June 30, 1944, is shown on the facing page.

As at June 30, 1930 and 1944, the Consolidated Balance Sheet of Canadian Collieries and its subsidiaries is summarized hereunder:

	1930		1944	
	\$	\$	\$	\$
<i>Assets—</i>				
Properties, including coal lands.....	14,333,405		12,924,372	
Less depreciation and depletion reserve.....	4,465,255		7,332,229	
Net property value.....		9,868,150		5,592,143
Deferred charges, etc.....		237,642		132,947
Current assets.....	1,922,974		2,163,056	
Less current liabilities.....	249,874		516,335	
Net current position.....		1,673,100		1,646,721
		11,778,892		7,371,811
<i>Liabilities—</i>				
Share capital.....		4,627,940		4,627,940
Funded debt.....		6,785,608		2,489,110
Reserves.....				169,807
Surplus.....		365,344		84,954
		11,778,892		7,371,811

The property account is made up as follows:

Property Account (coal areas)

after having been written down by \$1,261,260.62

by charges to surplus and discount on Western Fuel bonds (1930-1944)..... \$ 5,610,843.29

*Deduct*

Difference between par value of Western Fuel shares  
and cost to Wellex..... \$ 1,275,000.00

Difference between reserves for inter-company invest-  
ments of \$1,703,233.88 and deficits in subsidiaries  
of \$1,373,674.30..... 329,559.58

Discount on "A" debentures held by Wellex..... 36,074.75

Discount on "B" debentures held by Wellex..... 2,021,520.90

3,662,155.23

Property value (coal areas)..... \$ 1,948,688.06

Plant and equipment..... 10,975,684.46

Total book value..... \$ 12,924,372.52

Less depletion reserve (coal areas)..... \$ 539,212.70

depreciation reserve (plant and equipment)..... 6,793,016.91

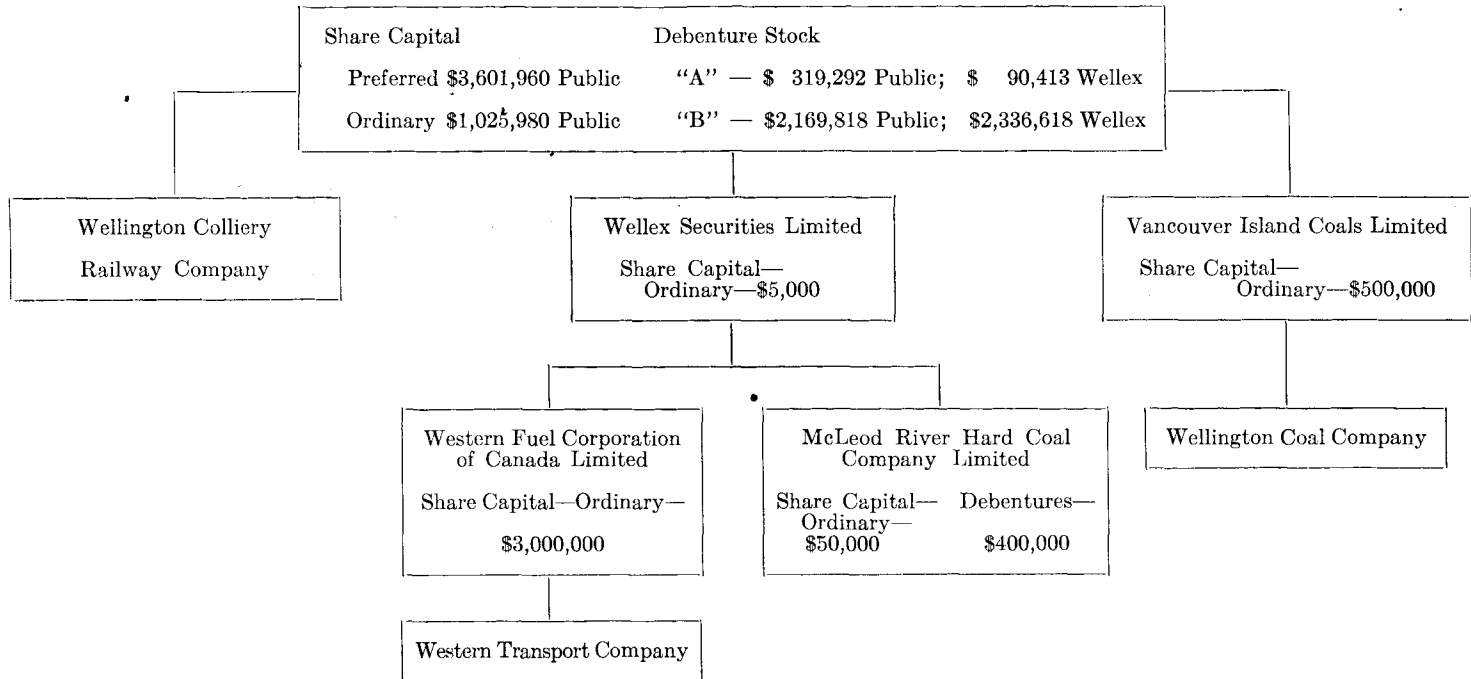
7,332,229.61

Net book value of properties and plant..... \$ 5,592,142.91

CANADIAN COLLIERIES (DUNSMUIR) LIMITED  
AND SUBSIDIARIES

AS AT JUNE 30, 1944

CANADIAN COLLIERIES (DUNSMUIR) LIMITED



CANADIAN COLLIERIES (DUNSMUIR) LIMITED VANCOUVER ISLAND, BRITISH COLUMBIA  
SUMMARY OF OPERATING RESULTS—1930 TO 1944

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	1930 to 1935			1936 to 1939			1940 to 1944			Totals		
	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton	Per-centage of Cost	Amount	Amount per Ton
		Tons	\$		Tons	\$		Tons	\$		Tons	\$
Tonnage sold.....		4,250,643			2,712,461			3,217,674			10,180,778	
Realization.....		21,035,388.61	4.949		13,220,132.86	4.874		17,636,374.77	5.481		51,891,896.24	5.097
<i>Deduct Costs</i>												
Labour.....	49.891	10,428,023.23	2.453	50.462	6,810,034.76	2.511	50.345	9,126,834.59	2.836	50.195	26,364,892.58	2.590
Material.....	10.106	2,112,255.63	0.497	11.300	1,525,415.32	0.562	10.060	1,823,756.69	0.567	10.397	5,461,027.64	0.536
Power.....	7.879	1,646,916.24	0.387	7.058	952,522.31	0.351	3.139	568,978.79	0.177	6.032	3,168,417.34	0.311
Royalties.....	1.488	311,079.40	0.073	1.419	191,533.30	0.071	1.363	247,110.60	0.077	1.427	749,723.30	0.074
Workmen's Compensation Bd.	2.179	455,545.29	0.107	2.325	315,801.61	0.116	3.621	656,492.67	0.204	2.715	1,425,839.57	0.140
Other Mining Costs.....	13.734	2,870,548.43	0.675	14.754	1,991,087.46	0.734	19.389	3,514,884.95	1.093	15.948	8,376,520.84	0.823
Administration and Overhead.	6.642	1,388,318.80	0.327	7.674	1,035,669.10	0.382	5.848	1,060,142.70	0.329	6.633	3,484,130.60	0.342
Depreciation.....	91.919	19,212,687.02	4.519	94.992	12,819,663.86	4.727	93.765	16,998,200.99	5.283	93.347	49,030,551.87	4.816
Depletion.....	7.580	1,584,296.43	0.373	4.470	603,183.57	0.222	5.785	1,010,534.55	0.314	6.161	3,198,014.55	0.315
	0.501	104,623.70	0.025	0.538	72,597.20	0.027	0.450	81,514.70	0.025	0.492	258,735.60	0.025
Total Cost.....	100.000	20,901,607.15	4.917	100.000	13,495,444.63	4.976	100.000	18,090,250.24	5.622	100.000	52,487,302.02	5.156
Operating Profit or Loss.....		133,781.46	0.032		275,311.77	0.102		453,875.47	0.141		595,405.78	0.059
Add Investment Income, etc.....		297,663.64	0.070		195,881.08	0.072		240,343.18	0.075		733,887.90	0.072
Government Assistance								311,032.39	0.097		311,032.39	0.030
Sundry Revenue.....		631,304.26	0.149		413,723.96	0.153		726,026.39	0.226		1,771,054.61	0.174
<i>Deduct Montreal and London</i>		1,062,749.36	0.251		334,293.27	0.123		823,526.49	0.257		2,220,569.12	0.217
Expense, etc.....		233,016.58	0.055		132,784.81	0.049		255,618.44	0.080		621,419.73	0.061
Bond Interest (Western Fuel)		582,580.19	0.137		26,559.92	0.010					609,140.11	0.059
Bond Interest (Cdn Collieries)		316,887.48	0.075		103,284.64	0.038		176,286.53	0.055		596,458.65	0.058
Profit or Loss before Income												
Taxes.....		(9,754.89)	0.016		71,663.90	0.026		391,621.52	0.122		393,550.63	0.039
<i>Deduct Income Taxes</i> .....		5,953.53	0.001					44,861.62	0.014		50,815.15	0.005
Net Profit or Loss.....		75,688.42	0.017		71,663.90	0.026		346,759.90	0.108		342,735.48	0.034
If depletion were entered at 10 cents per ton on coal raised, additional charges would be necessary of.....		356,377.60	0.084		245,137.80	0.090		321,709.90	0.100		923,225.30	0.091
making a Net Profit or Loss of..		432,066.02	0.101		173,473.90	0.064		25,050.00	0.008		580,489.82	0.057
Redemption of "A" Debentures charged to Surplus.....		456,114.14			131,226.95			257,450.19			844,791.28	

ROYAL COMMISSION ON COAL

During the fifteen-year period the plant and equipment account has increased by over \$1,100,000.

It will also be observed that the company has an excess of current assets over immediate liabilities of \$1,646,721.

Between 1930 and 1944 the funded debt has been reduced by \$4,300,000 through the redemption of the "A" debentures and by the purchase by Wellex of the "B" debentures at a very considerable discount. Since its inception Wellex has purchased \$2,336,618 of "B" debentures at a discount of 87 per cent for \$315,097, and "A" debentures of a par value of \$90,413 at a cost of \$54,338.

#### *Operating Results*

A summary of the operating results over the fifteen years is shown on the statement facing this page.

The tonnage (some 10,000,000 tons) represents approximately 5 per cent of the total tonnage sold in Canada by Canadian companies over these years.

On the coal operations this company has lost 6 cents per ton, after charging 34 cents per ton for depreciation and depletion.

When sundry revenues less sundry expenses are taken into account a profit of 4 cents per ton is shown, which was reduced by income taxes to 3.5 cents. Before the profit of 3.5 cents per ton was determined bond interest of 11.7 cents per ton, amounting to \$1,205,598.76, was charged.

The annual charge for depreciation varies over the period—from a low of 18 cents in 1937 to a high of 52 cents per ton in 1943. The provision, to a large extent, is governed by the final operating result. The average charge for depletion is 2.5 cents per ton and, if an additional charge were made to bring the depletion to 10 cents per ton on coal raised, the over-all loss would be 5.5 cents per ton.

Of the Government assistance of \$311,032.39 for the years 1942-1944, the sum of \$156,933.53 was received in production subsidies from the Emergency Coal Production Board, the balance being represented by subventions and cost-of-living bonuses. To March 31, 1946, additional production subsidies amounting to \$550,210.80 have been received, bringing the total subsidies to \$707,144.33.

During the period 1934-1944 this company has received from the Dominion Government \$1,157,652.52 in subvention moneys in respect of bunker coal. Of this total, \$434,310.94 was paid to ship owners, \$98,090.14 was put in a reserve, and the balance of \$625,251.44 was taken into the accounts to adjust the price of the coal sold to these customers.

Using the period 1936-1939 as a base of 100 and including in the cost depreciation and depletion, as entered in the books of the company, the immediate prior period and subsequent war years compare with the standard period in respect of costs and sales as follows:

	Sales	Costs
1930-1935.....	101.5	98.7
1936-1939.....	100.0	100.0
1940-1944.....	112.4	113.0

The operating profit or loss, before bond interest, sundry expense and sundry revenues, including some government assistance for the above periods, is a profit of 3 cents, a loss of 10 cents and a loss of 14 cents per ton, respectively.

Using representative years, the net profit or loss per ton is summarized below, before provision for income taxes and for interest on the income debentures:

	1930	1935	1939	1944
	\$	\$	\$	\$
Sales.....	5.187	4.792	5.003	6.188
Sundry Revenue.....	0.167	0.131	0.212	0.194
Investment Income.....	0.049	0.073	0.078	0.059
	5.403	4.996	5.293	6.441
<i>Deduct</i>				
Mining and Operating Cost.....	4.504	4.393	4.963	6.050
Depreciation and Depletion.....	0.502	0.383	0.204	0.430
Other charges, including Western Fuel bond interest.....	0.200	0.084	0.071	0.146
	5.206	4.860	5.238	6.626
Net profit or loss.....	0.197	0.136	0.055	0.185
Government assistance.....				0.290
Net profit, after assistance.....	0.197	0.136	0.055	0.105

The sales by this company have been made over the fifteen years to the following classes of customers:

	Tons
Railways.....	1,593,199
Bunkers.....	1,337,486
Dealers.....	3,231,603
Commercial.....	3,396,743
Employees, local and company.....	999,613
	<u>10,558,644</u>

The above sales include purchased coal and coal mined during development, the proceeds of which are credited to the development cost.

Comparative direct mining costs for all collieries are shown for certain years in the undernoted tabulation:

	Mining and Loading	Inside Labour and Material	Outside Labour and Material	Power, W.C.B. etc.	Total Mining Cost	Individual Collieries' Mining Costs	
						Highest	Lowest
	\$	\$	\$	\$	\$	\$	
1930.....	1.182	1.492	0.459	0.527	3.660	4.705	2.722
1935.....	1.032	1.281	0.462	0.495	3.270	4.081	2.444
1939.....	1.174	1.450	0.472	0.476	3.572	3.759	3.341
1944.....	1.368	1.908	0.553	0.544	4.373	5.505	3.889

The production per man-day in the years 1936-1944 varies from a low of 1.67 tons per day in 1939 to a high of 2.29 tons in 1942. The 1944 production was 2.24 tons per man-day.

*McLeod River Hard Coal Company (1941) Limited*

As the statement of assets and liabilities of Canadian Collieries includes the subsidiary companies, the operating statements of this coal-producing subsidiary are submitted in the following pages.

## MCLEOD RIVER HARD COAL COMPANY (1941) LIMITED

## MERCOAL, ALBERTA

This coal-producing subsidiary was incorporated in 1941, and its ordinary share capital of \$50,000 was issued to Wellex Securities Limited in consideration of the leasehold properties.

Debentures in the amount of \$400,000 were sold to the Wellex Company and the proceeds invested in plant and equipment.

The financial position as at June 30, 1944 (previously included in the consolidated balance sheet of Canadian Collieries) is as under:

<i>Assets—</i>	
Net properties .....	\$ 440,391
Net current position .....	74,994
	\$ 515,385
<i>Liabilities—</i>	
Capital—common shares .....	\$ 50,000
Debentures .....	400,000
Advances by Wellex Securities Limited .....	169,321
Deficit .....	103,936
	\$ 515,385

*Operating Results*

The operations for the years 1942-1944 show net results as follows:

1942 .....	\$ 21,311.50 (loss)
1943 .....	4,184.32 (profit)
1944 .....	24,495.73 (loss)
	\$ 41,622.91 (loss)

The above losses are after inclusion of production subsidies of \$58,410.27 received from the Emergency Coal Production Board.

A summary of the profit and loss account on a per-ton basis for the three years is shown hereunder:

	1942	1943	1944
	Tons	Tons	Tons
Sales—Tonnage .....	90,721	140,966	170,104
	\$	\$	\$
Sales value .....	3.395	3.564	3.905
<i>Deduct costs</i>			
Mining .....	3.377	3.314	3.923
Royalties, management etc. ....	0.350	0.298	0.355
Depreciation .....	0.035	0.095	0.127
	3.762	3.707	4.405
<i>Loss on operations</i> .....	0.367	0.143	0.500
Sundry revenue .....	0.132	0.143	0.038
Subsidies .....		0.030	0.318
Net profit or loss .....	0.235	0.030	0.144

Up to March 31, 1946, this company received total production subsidies from the Emergency Coal Production Board of \$166,597.53.



## SUMMARY

## CANADIAN COLLIERIES (DUNSMUIR) LIMITED, NANAIMO, B.C.

Incorporated 1910

## Capital

Issued—Common .....	\$ 1,025,980
Preferred .....	3,601,960

## Consideration for issue of Capital—

Cash .....	\$ 4,527,940
Properties .....	100,000

Properties—Net Valuation .....	\$ 9,868,150	\$ 5,592,143
Net Current Position .....	1,673,100	1,646,721
Surplus .....	365,344	84,954

## Earnings Record

## Profits—15 years

(a) Before Income Tax .....	\$ 393,551
(b) After Income Tax .....	342,735

## Annual Profit

	1930	1935	1939	1944
(a) Before Income Tax .....	\$ 106,915	\$ 50,349	\$ 12,060	\$ 13,895
(b) After Income Tax .....	106,915	46,680	12,060	13,895
(c) Debenture Interest charged .....	78,602	36,568	20,337	55,985

## Dividend Record

Total Dividends Paid—15 years .....	Nil
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## Depreciation and Depletion

Total Depreciation (15 years) charged to Operations .....	\$ 3,198,015
Total Depletion (15 years) charged to Operations .....	258,736

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies .....	\$ 156,933
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## Total Paid to March 31, 1946

Production Subsidies .....	\$ 707,144
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## Production Record

Total Tonnage—15 years .....	11,819,609 tons
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	1930	1935	1939	1944
Annual Production (tons) .....	969,173	694,012	729,255	815,147
Per Man-Day Production (tons) .....	—	1.7	1.67	2.24
Sales Realization—per ton .....	\$ 5.18	\$ 4.79	\$ 5.00	\$ 6.18
Total Cost—per ton .....	5.29	4.92	5.66	6.83

REMARKS.—All profit and loss and cost figures include the "A" Income Debenture interest paid.

## SUMMARY

MACLEOD RIVER HARD COAL COMPANY (1941) LIMITED,  
MACLEOD RIVER, ALBERTA

Incorporated 1941

Capital		
Authorized—Common .....	\$ 50,000	
Issued—Common .....	\$ 50,000	
Consideration for issue of Capital—		
Lease .....	\$ 50,000	
		1944
Properties—Net Valuation .....	\$ 440,391	
Net Current Position .....	74,994	
Deficit .....	103,936	
Earnings Record		
Losses—3 years		
(a) Before Income Tax .....	\$ 41,623	
(b) After Income Tax .....	41,623	
Annual Loss		1944
(a) Before Income Tax .....	\$ 24,496	
(b) After Income Tax .....	24,496	
Dividend Record		
Total Dividends Paid—15 years .....	Nil	
Depreciation and Depletion		
Total Depreciation (3 years) charged to Operations .....	\$ 38,139	
Total Depletion (3 years) charged to Operations .....	Nil	
Assistance—Emergency Coal Production Board		
Included in Accounts to 1944		
Production Subsidies .....	\$ 58,410	
Total Paid to March 31, 1946		
Production Subsidies .....	\$166,598	
Production Record		
Total Tonnage—3 years .....	301,791 tons	
		1944
Annual Production (tons) .....	170,104	
Sales Realization—per ton .....	\$ 3.905	
Total Cost—per ton .....	4.405	

## TULAMEEN COLLIERIES LIMITED

Financial information was obtained from only one inland company, Tulameen Collieries Limited, of Princeton, B.C., incorporated in 1942, and particulars thereof follow:

## Capital

Authorized—Common .....	\$100,000
Issued—Common .....	\$100,000
Consideration for issue of Capital—Cash Properties } .....	\$ 10,815
Goodwill .....	89,185

1944

Properties—Net Valuation .....	\$ 105,654
Net Current Position .....	3,740
Surplus .....	1,991

## Earnings Record

## Profits or Losses—3 years

(a) Before Income Tax .....	\$ 1,341
(b) After Income Tax .....	3,981

## Annual Profit

1944

(a) Before Income Tax .....	\$ 8,822
(b) After Income Tax .....	3,500

## Dividend Record

Total Dividends Paid—3 years..... Nil

## Depreciation and Depletion

Total Depreciation (3 years) charged to Operations .....	\$ 3,444
Total Depletion (3 years) charged to Operations .....	8,398

## Assistance—Emergency Coal Production Board

## Included in Accounts to 1944

Production Subsidies .....	\$ 14,774
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## Total Paid to March 31, 1946

Production Subsidies .....	\$ 17,249
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## Production Record

Total Tonnage—3 years..... 58,809 tons

1944

Annual Production (tons) .....	35,700
Per Man-Day Production (tons) .....	3.1
Sales Realization—per ton .....	\$ 4.49
Total Cost—per ton .....	4.42

## RECAPITULATION

### Method of Accounting

From a careful perusal and study of the foregoing material, it is evident that there is a lack of uniformity in the accounting procedures adopted by the producing companies. Some companies maintain very elaborate and detailed cost records, while others reduce their distribution of costs to the very minimum. There is also a very wide variation in the classification of charges, depending to a large extent on the requirements of the mine managers.

However, the main and most vital difference between the companies is the treatment accorded items which may be of either a capital or revenue nature, depending upon the policy adopted by each company.

The methods determined by management policy may be briefly summarized as follows:

(1) After the colliery has been put on the determined commercial production, all expenditures are classified as operating expense, unless such expenditure:

- (a) Increases the daily initial production, and/or
- (b) Decreases the cost of production, and/or
- (c) Increases the available reserves of coal.

(2) The useful life of the item for which the expenditure is made is the determining factor in arriving at the distribution as between capital and operation. The years of life is also the means of ascertaining the rate at which such item is depreciated.

In addition, after the mine has been put on commercial production all further development work, such as tunnels, airways, extensions, etc., is charged to a "development account" and recovered from operations through a charge to mining costs at varying rates per ton; thus having the effect of spreading or deferring the expenditure over a period of years.

(3) In anticipation of replacement expenditures or costs of contingencies which may occur in this hazardous industry, such as fire losses, floods, cave-ins, explosions, et cetera, an amount per ton is charged to mining costs and set up as a reserve. The disbursements, when made, are then charged to the established reserve.

There has not been a great deal of literature written on the subject of coal mine accounting, but the National Coal Association, U.S.A., in 1919 recommended:

After a coal mine has been developed and equipped to its planned capacity, charges to its capital account should cease . . . etc.

Usually after one-third or one-half the life of the mine has elapsed, additions to power plant and major items of equipment will be necessary, and the cost thereof should be set up in appropriate additions and betterments accounts, and for these will have to be established an additional and separate depreciation rate based on the remaining coal or life of the mine.

The costs of additions and betterments, so large that such costs should be capitalized, must be redeemed by setting aside from gross income adequate provision for reimbursing such cost during the life of the mine.

It should be observed that the recommendations of the National Coal Association vary the Method 1, as by that method no costs of additions or betterments would be capitalized, unless they meet the requirements as set forth.

The Bureau of Internal Revenue of the United States, in its regulations in respect of taxation of mining companies, rules:

All expenditures . . . shall be charged to capital account while the mine is in the development stage. Thereafter any development which adds value to the mineral deposit beyond the current year shall be carried as a deferred charge, and apportioned and deducted as operating expenses in the years to which it is applicable.

All expenditures for plant and equipment shall be charged to capital while the mine is in the development stage. Thereafter, the cost of major items of plant and equipment shall be capitalized, etc. . . .

The Emergency Coal Production Board of the Dominion Government, which determines if subsidies are payable to operating producing companies in order to increase production during the national emergency, has made the following regulation with regard to costs:

Articles having a comparatively short life should be replaced out of income and charged directly to costs under the heading of "stores". For example, depreciation would be warranted on head frames, haulage, machinery, conveyors, coal trucks, coal cutting and drilling machines, et cetera, but not on rails, piping, shaft and haulage roads, fitments, wiring, tools, et cetera. . . .

There shall not be included as a cost the following, unless approved by this Board or other competent authority:—Extraordinary expenses, such as new mine development, fire losses, floods, cave-in, et cetera.

The Income Tax Division of the Dominion Government has not issued any rulings on mining companies in respect of this particular matter, but deals with each case on its merits.

From the foregoing explanation of the various accounting treatments given to certain expenditures by the coal companies, each of which has the support of some precedent, use or authority, it will be appreciated that in consequence of the method employed the amount of "cost" and also of annual "profit" will vary accordingly.

In varying degrees all of the companies surveyed differ from one another, but it would appear that there is some uniformity in the general procedure in the accounts of the producers of the Western Provinces, most of which adopt the second method.

Method No. 1 has been adopted by the Dominion Coal and associated companies in Nova Scotia. Their practice for many years has been to charge items of a capital or deferrable nature to operations in the years in which the disbursement was made. To bring this procedure onto a comparable basis with other companies it would be necessary to revise the costs for the past fifteen years or longer, as it would obviously be unfair to change the accounting methods in any one period without having due regard to the effect of this change on the operations of previous periods. Revisions made on this basis have resulted in reduced costs for the years 1943 and 1944.

In our opinion, however, the adjustments made (in view of the size of the operations) will not have any material effect on the annual results insofar as our study is concerned.

Various departments of the Dominion Government are vitally interested in the annual financial statements of the coal-producing companies—the Income Tax Division, as to the taxable profits; the Dominion Fuel Board, in respect of the payment of subventions; and the Emergency Coal Production Board, in respect of the payment of subsidies.

All of these departments arrive at their respective conclusions as to how much income tax the company has to pay, or as to the amount of assistance that will be granted to the company on an appraisal and examination of the annual profit and loss statement. We are of the opinion that, insofar as government departments are concerned, a condition should not exist where different systems of accounting may give varying results for a given period in the one industry.

### Financial Results

In this section is presented a summary of the capital employed in Canadian coal mines and the return on this investment which is then further reviewed by periods and by areas.

#### *Financial Position*

Capital employed, as shown by the books of the companies, as at the end of the companies' fiscal years in 1944 or 1945:

Gross property values, including the value of coal lands, leases, plant, equipment, etc. ....	\$127,746,407
From operations the companies have recovered through depletion and depreciation charges the sum of.....	67,706,240
making the net value.....	\$ 60,040,167
These companies have on hand net current assets, which include cash, investments, accounts receivable, inventories, prepaid expenses, etc., of.....	22,871,133
or total depreciated assets of.....	\$ 82,911,300

The above capital has been provided:

Through the issuance of shares or proprietors' contributions of.....	\$ 64,396,969
Through the sale of bonds.....	8,933,311
And through operations, as represented by reserves and undistributed income, of.....	9,581,020
	\$ 82,911,300

In reviewing the term "capital employed", regard must be had to the gross property values as shown above. A substantial proportion of the share capital of the companies surveyed was issued in respect of coal lands and/or coal lands which included some plant, equipment and development work. As these transactions took place in some instances more than fifty years ago, it is not possible at this date to arrive at a definite value for those properties. In many cases, however, because of the mines' earning capacities, it is reasonable to assume that the coal lands have a value approximate to that placed on them in the books. In some instances this is not quite so apparent, but for the purposes of this chapter those values have been accepted in ascertaining the capital employed.

Employing the foregoing capital to extract the coal from properties which are, in the main, leased on a royalty basis from the provincial governments in which the mines are situated, the companies involved have sold a total of 180,969,795 short tons, which compares with the total Canadian sales of some 230,000,000 tons over the fifteen-year period. The difference of approximately 49,000,000 tons, or an annual average of 3,000,000 tons, was produced by innumerable small companies, by companies which are not presently in existence, or by companies which have either changed ownership or for other reasons the records are not now available.

In some companies long tons are used in the accounting records. As all statistical data of the Dominion Government, Income Tax Department allowances, et cetera, are based on short tons, we have converted all calculations to short tons in the material presented herewith.

### Coal Sold

An analysis of the coal sold by the above mentioned companies (by districts in Canada) is shown in the following tabulation:

	Tons		Per-centage
Dominion Coal Co. Ltd.....	57,465,239		
Old Sydney Collieries Ltd.....	9,476,457		
Cumberland Railway and Coal Co.....	8,785,296		
Acadia Coal Co. Ltd.....	6,290,481	82,017,473	45.3
Cape Breton Island.....	2,669,299		
Nova Scotia—Mainland.....	4,501,211		
New Brunswick.....	4,543,656	11,714,166	6.5
		93,731,639	51.8
Bituminous Mines—			
Alberta and South Eastern British Columbia.....	44,364,211		
Alberta—Drumheller Field.....	11,920,076		
Northern Field.....	4,035,694		
South and Central.....	4,190,641		
Stripping (privately financed).....	5,057,237	69,567,859	38.4
Vancouver Island.....		10,180,778	5.6
Saskatchewan.....		7,489,519	4.2
Total Tonnage Sold.....		180,969,795	100.0

NOTE.—The stripping operations in Alberta financed by the Emergency Coal Production Board and which produced 843,930 tons up to March 31, 1946, are not included in the above tabulation, as the foregoing sales of 180,969,795 were up to the end of 1944.

*Sales Realization*

A summary of the selling value and cost of producing and selling the above tonnage is shown hereunder:

	Amount	Per Ton
	\$	\$
Sales realization.....	729,290,231.57	4.030
<i>Deduct Costs—</i>		
Agency and shipping expenses.....	95,298,353.95	0.527
Labour.....	366,957,930.81	2.028
Material.....	67,964,985.52	0.376
Power.....	38,220,477.34	0.211
Taxes and rentals.....	8,918,148.08	0.049
Royalties.....	15,582,779.74	0.086
Workmen's Compensation Board.....	17,579,067.33	0.097
Other mining costs, which include insurance, freight, banking, washing, etc., and in cases where allocation of costs is not possible the total cost of such operations.....	49,706,657.64	0.275
Administration and overhead.....	38,247,148.97	0.211
	698,475,549.38	3.860
Depreciation and development.....	30,024,593.84	0.166
Total cost.....	728,500,143.22	4.026
Profit on mining—before any provision for depletion.....	790,088.35	0.004
Add sundry revenue, which includes profits on briquetting and coking opera- tions, profits on utilities owned, profit on purchased coal, investment income, etc.....	21,671,440.72	0.120
	22,461,529.07	0.124
<i>Deduct bond interest.....</i> \$ 9,041,499.90		
sinking fund provision..... 3,072,083.36		
rentals to owners..... 1,695,173.14	13,808,756.40	0.076
Profit—before subsidies, depletion and income taxes.....	8,652,772.67	0.048
Add subsidies—Dominion Government.....	14,859,295.83	0.083
assistance—Provincial Government.....	313,551.87	0.001
Profit—before income taxes and depletion.....	23,825,620.37	0.132
Deduct income taxes.....	6,357,135.60	0.035
Net profit—before provision for depletion.....	17,468,484.77	0.097
Depletion has been set up on the books of the companies, totalling.....	7,574,235.82	0.042
Which makes a net profit shown by their books of.....	9,894,248.95	0.055
If depletion were entered at 10 cents per short ton, a further charge would be necessary of.....	10,522,743.68	0.058
Making a net loss of.....	628,494.73	0.003

Taking the industry as a whole, it is apparent from the foregoing result that the net earning is approximately equal to the depletion allowance of 10 cents per ton.



Earlier in this section a more detailed factual analysis of the operating results of the producing companies in Canada is given.

Using the three periods as mentioned previously, a further analysis of the results of operations is shown below:

	Tonnage	Profits before Taxes and Depletion	Income Taxes	Net Profit after Income Taxes and before Depletion
		\$	\$	\$
1930-1935.....	54,713,429	3,704,660.52	670,952.20	3,033,708.32
1936-1939.....	46,904,619	4,890,309.99	874,142.86	4,016,167.13
1940-1944.....	79,351,747	15,230,649.96	4,812,040.54	10,418,609.32
	180,969,795	23,825,620.37	6,357,135.60	17,468,484.77

Geographically the above results have been as follows:

Period	Eastern Companies		Western Companies (Profit)		Total (Profit)	
	Tons	Amount	Tons	Amount	Tons	Amount
		\$		\$		\$
1930-1935.....	31,353,422	2,423,294.50 loss	23,360,007	5,457,002.82	54,713,429	3,033,708.32
1936-1939.....	26,769,579	509,368.85 profit	20,135,040	3,506,798.28	46,904,619	4,016,167.13
1940-1944.....	35,608,638	2,226,927.08 profit	43,743,109	8,191,682.24	79,351,747	10,418,609.32
	93,731,639	313,001.43 profit	87,238,156	17,155,483.34	180,969,795	17,468,484.77

An elaboration of the above results, together with some of the pertinent factors is now given:

#### PERIOD 1930-1935 (DEPRESSED)

Of the total net earnings of \$3,000,000, a segregation as between districts and profitable and non-profitable operation is as follows:

#### MARITIMES—

	Tonnage	Net Result
Four Dosco companies.....	28,030,885	\$ 3,008,433.08 loss

The above loss is after charging \$6,636,011.51 in bond interest and sinking fund, of which the sum of \$620,726.33 was not paid but capitalized in subsequent years, and \$436,064.83 in rentals to the parent company.

#### Other Nova Scotia Companies—

Four companies.....	1,934,027	\$ 396,725.44 profit
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#### New Brunswick Companies—

One company.....	267,809	68,783.94 loss
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Five companies.....	1,120,701	257,197.08 profit
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Total Results—Maritimes.....	31,353,422	\$ 2,423,294.50 loss
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Two of the Maritime companies show net earnings of 36 cents per ton, three make net profits of from 20 cents to 23 cents, three others 18 cents and 19 cents, while two show less than one cent and the remaining four suffered losses of from five cents to 59 cents per ton.

Mining costs range between \$3.01 and \$4.01 per ton, and labour represents approximately 57 per cent of the total cost for the Maritime companies. Other items included in the costs are:

	\$	Cents per ton
Taxes and rentals.....	2,035,340.40	6.5
Royalties.....	3,276,562.37	10.5
Workmen's Compensation Board.....	1,968,506.06	6.3
Depreciation.....	3,470,691.57	11.1
Income taxes.....	48,925.82	0.1
Administration.....	6,184,895.94	19.7

Royalties are paid to the Province of Nova Scotia at the rate of 12.5 cents per long ton on commercial coal mined, and at the rate of 9 cents per short ton in New Brunswick.

The man-day production (by companies) ranges from a low of 1.1 tons to 3 tons.

SASKATCHEWAN COMPANIES	Tonnage	Net Result
One company.....	612,173	<u>\$1,235.62</u> profit

Low grade coal is mined in Saskatchewan which had an average selling value of \$1.49 per ton during this period with costs of \$1.46. Labour represents 42 per cent of the cost. Depreciation is included at the amount of 12.5 cents per ton.

#### ALBERTA AND EASTERN BRITISH COLUMBIA— BITUMINOUS

	Tonnage	Net Result
Nine Companies.....	12,627,154	<u>\$4,611,099.55</u> profit

Of these nine companies, one shows a loss of 1.6 cents per ton while the other eight had net earnings of 16 cents, 24 cents, 28 cents, 37 cents, 42 cents, 58 cents, 63 cents and 73 cents per ton.

Realization varies between \$3.17 and \$3.91 per ton, with costs from \$2.80 to \$3.92.

Labour, including compensation, is 57 per cent of the total cost. Man-day production (by companies) ranges between 2.5 tons and 4.4 tons.

Some of the items included in the operating statement are:

	\$	Cents per ton
Taxes and rentals.....	798,591.94	6.3
Royalties.....	845,485.54	6.7
Workmen's Compensation Board.....	868,477.60	6.9
Depreciation.....	3,330,709.55	26.3
Income taxes.....	567,494.50	4.5
Administration.....	3,708,661.64	29.4

In addition to annual lease rentals of \$1 per acre, royalties are payable to the Province of Alberta at the rate of 5 cents and 7 cents per ton, depending on date of acquisition of lease. The rate in British Columbia is 10 cents per ton.

ALBERTA—DRUMHELLER FIELD	Tonnage	Net Result
One company.....	177,160	\$ 40,831.14 loss
Six companies.....	2,276,555	\$ 740,868.50 profit

Profits are shown by six of these companies in the domestic coal area of  $\frac{1}{2}$  cent, 10 cents, 17 cents, 18 cents, 37 cents and 64 cents per ton, while the other shows a loss of 23 cents.

Realization per ton is from \$2.50 to \$2.99, with costs varying from \$2.05 to \$3.12.

Labour, including compensation, represents 56 per cent of the total cost, and the man-day production in these mines is generally higher than in other fields. One mine reaches the highest production per man-day of all underground mines in Canada, with 7 tons per man-day. The other mines produce from 3 to 5.6 tons per man-day for all labour.

Taxes amount to 14 cents per ton, royalties to 6 cents, compensation is 6 cents, income taxes less than 1 cent, and administration and overhead 35 cents per ton.

ALBERTA—EDMONTON DISTRICT	Tonnage	Net Result
Two companies.....	140,316	\$ 1,387.17 loss
Two companies.....	889,958	\$47,340.00 profit

Coal sold from mines in this area realizes from \$1.87 to \$2.37, with costs ranging from \$1.90 to \$2.45 per ton.

Of these four companies, two show losses of 1 cent per ton, while the other two have profits of 3 cents and 7 cents per ton.

Per-ton costs for taxes and rentals amount to 3 cents, royalties 12.4 cents, compensation 7 cents and administration 12.2 cents.

Income taxes were paid of \$6,840.88, which is the equivalent of 7/10 cents per ton.

ALBERTA—SUNDRY FIELDS	Tonnage	Net Result
Two companies.....	261,254	\$ 280,882.11 loss
One company.....	291,660	\$ 7,055.00 profit

Realization for these mines is from \$3.42 to \$3.96 per ton, with costs of from \$3.62 to \$4.68.

The losses as shown include bond interest, of which the amount of approximately \$68,000.00 has not been paid.

Losses are shown of 36 $\frac{1}{2}$  cents and \$1.99 per ton by two of the companies. The latter loss includes bond interest charges of \$1.75 which have not been paid. The other company shows a profit of 2.4 cents per ton.

Taxes and rentals amount to 7 cents per ton, royalties to 7 cents, compensation 10.8 cents, depreciation 30 cents, and administration and overhead 35.3 cents.

ALBERTA—STRIPPING OPERATION

(Privately Financed)	Tonnage	Net Result
Three Companies.....	<u>1,833,134</u>	<u>\$ 343,569.29</u> profit

These three companies show profits of 17.4 cents, 18.8 cents and 19.4 cents per ton over this period. The coal sold realizes from \$1.62 to \$2.34 per ton, with costs of \$1.50 to \$2.28.

Costs include taxes and rentals of 3.7 cents, royalties 4.3 cents, compensation of 2.8 cents and administration and overhead of 32.4 cents. Depreciation and development written off amounts to 15.4 cents per ton.

BRITISH COLUMBIA—VANCOUVER ISLAND	Tonnage	Net Result
One company.....	<u>4,250,643</u>	<u>\$ 28,935.28</u> profit

This company realized a profit of 8/10 cents per ton on sales averaging \$4.95 per ton, which is the highest selling price of all the Canadian companies. Costs are also the highest, as they average \$4.94 per ton.

Royalties paid amount to 7.3 cents, compensation is 10.7 cents, administration is 38.5 cents and depreciation charged in the books totals 37.3 cents per ton.

TOTAL—ALL COMPANIES (42) 1930-1935.....	<u>54,713,429</u>	<u>\$ 3,033,708.32</u> profit
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Summary of Period 1930 to 1935

Over these six years there were 42 companies surveyed as to their financial position and operating results. The amounts, in all cases, are before any charge for depletion.

Of the 42 companies, 4 in the East report losses of .....	\$ 3,693,281.84
Six in the West report losses of .....	<u>354,814.15</u>

TOTAL losses—ALL COMPANIES (10).....	<u>\$ 4,048,095.99</u>
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In the eastern provinces there were:—

Six companies reporting average annual earnings of under \$10,000.00.....	\$ 170,046.17
Two companies with annual profits of from \$10,000.00 to \$15,000.00.....	165,308.63
One company with annual profits of \$50,000.00.....	318,567.72
One company with annual profits of \$100,000.00.....	<u>616,064.82</u>

TOTAL PROFITS—EASTERN COMPANIES (10).....	<u>\$ 1,269,987.34</u>
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In the western provinces there were:—

Eight companies showed net revenue of \$10,000.00 per year, or less.....	\$ 123,972.35
One company whose annual profits were from \$10,000.00 to \$15,000.00.....	66,091.21
Five companies whose annual profits were from \$20,000.00 to \$30,000.00.....	733,672.59
Two companies whose average profits were \$56,000.00.....	565,056.73
Three companies whose average profits were from \$80,000.00 to \$100,000.00.....	1,503,334.39
Two companies whose average profits were \$157,000.00.....	1,572,666.86
One company whose average profits were \$200,000.00.....	<u>1,247,022.84</u>

TOTAL PROFITS—WESTERN COMPANIES (22).....	<u>\$ 5,811,816.97</u>
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Total net losses—Eastern Companies (14).....	\$ 2,423,294.50
Total net profits—Western Companies (28).....	<u>5,457,002.82</u>

NET PROFITS—ALL COMPANIES (42)—1930 TO 1935 PERIOD..	<u>\$ 3,033,708.32</u>
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## PERIOD 1936-1939 (NORMAL OR STANDARD)

Of the total net earnings of 4,000,000 dollars, a segregation as between coal-producing areas and profitable and non-profitable operations is shown in the following summary:

MARITIMES—	Tonnage	Net Result
Four Dosco companies.....	23,760,351	\$ 71,254.64 profit
The above result is after charging \$2,502,930.16 in bond interest and sinking fund, of which the sum of \$400,880.11 was not paid but satisfied by the issue of shares.		
Other Nova Scotia companies—		
Three companies.....	1,567,338	\$ 414,302.92 profit
One company.....	185,047	2,922.18 loss
New Brunswick companies—		
Four companies.....	672,576	119,731.95 profit
Three companies.....	584,267	92,998.48 loss
TOTAL RESULTS—MARITIMES.....	26,769,579	\$ 509,368.85 profit

During these 4 years some improvement is shown by the Nova Scotia companies, but the New Brunswick operations show decreased earnings as compared with the prior period. The Dominion Coal Company realization increases by 4 cents a ton and their costs decrease by 5 cents.

With selling prices per ton varying from \$3.22 to \$4.09, 3 of the companies show an increase in average realization while 11 have decreased selling values.

Costs range from \$3.28 to \$4.60 per ton, with 4 companies having increased costs and ten decreased costs.

Labour represents from 55 per cent to 63 per cent of the total cost. During this period the Nova Scotia companies show an increased man-day production, with from 1.4 to 2.9 tons per man-day. Not much change is evident in the New Brunswick companies, with the average production 1.3 tons.

Included in the costs are the following items:—

	\$	Cents per ton
Taxes and rentals.....	1,384,570.34	5.2
Royalties.....	2,890,335.15	10.8
Compensation.....	2,441,154.49	9.1
Depreciation.....	5,034,659.33	18.8
Administration.....	4,014,446.68	15.0

Income taxes were charged in the amount of \$346,323.45 to profits, with a further transfer from other reserves of \$400,000.

SASKATCHEWAN COMPANIES	Tonnage	Net Result
One company.....	800,183	\$ 90,847.45 profit

Sales realize \$1.43 per ton, with costs averaging \$1.31. Net profits amount to 14 cents per ton, after charging 11 cents in depreciation. Production per man-day averages over 6 tons.

ALBERTA AND EASTERN BRITISH COLUMBIA—  
BITUMINOUS—

	Tonnage	Net Result
Nine companies.....	10,153,851	<u>\$ 2,659,530.21</u> profit

Profits are earned by these companies in the per-ton amounts of 8/10 cents, 13 cents, 16 cents, 17 cents, 17 cents, 34 cents, 37 cents, 37 cents and 38 cents.

Sales values are from \$2.64 to \$3.20 per ton, and costs vary from \$2.38 to \$3.29 per ton.

The labour percentage, including compensation, increases by 4 per cent to 61 per cent of the total cost.

Man-day production remains constant, with all companies producing over 3 tons per day. The highest recorded is 4.6 tons and the lowest is 3 tons per man-day over these four years.

Taxes and rentals amount to 6.4 cents, royalties to 5 cents, compensation to 9 cents, and administration to 20 cents. Depreciation charged is equal to 20 cents per ton.

Income taxes paid amount to \$444,152.53, the equivalent of 4.4 cents per ton.

## ALBERTA—DRUMHELLER FIELD

	Tonnage	Net Result
Ten companies.....	2,974,730	<u>\$ 320,606.08</u> profit

Profits shown by the operators in this area amount to 1.3 cents, 1.6 cents, 2.8 cents, 3.1 cents, 3.6 cents, 9.2 cents, 9.8 cents, 10.7 cents, 18.6 cents and 54.5 cents per ton in this period.

Selling prices are down when compared with the previous period, with a low realization of \$2.30 and a high of \$2.88 per ton. Costs are correspondingly decreased to a range of from \$2.22 to \$2.94.

Labour and compensation increased by 6 per cent to 62 per cent of the total cost.

Generally, all companies show a higher man-day production, which varies from a low of 3.3 tons to 6 tons.

## ALBERTA—EDMONTON DISTRICT

	Tonnage	Net Result
Three companies.....	568,911	<u>\$ 19,245.58</u> loss
Two companies.....	494,317	<u>\$ 10,636.17</u> profit

These mines continue to show very small returns, with 2 having earnings of 1 cent and 2.8 cents per ton while the other 3 sustained losses.

In common with other mines, the sales return per ton drops during these years to a low of \$1.78, with a high of \$2.27. Costs remain on practically the same level as the 1930-1935 period, with a consequent decrease in profits.

Labour and compensation dropped 3 per cent, to 65 per cent of the total cost.

## ROYAL COMMISSION ON COAL

ALBERTA SUNDRY FIELDS	Tonnage	Net Result
Three companies.....	352,604	\$ 101,545.15 loss
One company.....	1,011,182	\$ 162,419.16 profit

The profitable company in this group is a continuation of other previously operating companies, figures for which your Commission did not receive for prior periods. This company, after paying income taxes of \$23,760.46, made a profit of 16 cents per ton. Selling prices average \$3.11 with costs of \$3.04. Production per man-day is from 3.3 to 3.5 tons.

The other three companies lost 4 cents, 42 cents and 69 cents per ton over these years. As depreciation (a non-cash item) and unpaid bond interest are charged before the losses as shown, they were able to finance their operations.

ALBERTA—STRIPPING OPERATIONS (Privately Financed)	Tonnage	Net Result
Three companies.....	1,049,402	\$ 239,811.97 profit
One company.....	17,399	\$ 523.13 loss

One small company started during these years and on its operation approximately breaks even.

The other three continue to earn fair returns of 10½ cents, 21.4 cents and 29 cents per ton, after the payment of income taxes.

The average selling price of all companies is \$2.30 per ton, with average costs of \$2.09.

BRITISH COLUMBIA—VANCOUVER ISLAND	Tonnage	Net Result
One company.....	2,712,461	\$ 144,261.10 profit

This company still has the highest selling price and costs of all Canadian companies, in the amounts of \$4.87 and \$5.00 respectively. Sundry revenue transforms the operating loss into a profit of 5 cents per ton.

A comparatively low tonnage per man-day of 1.7 tons is obtained.

Depreciation is included in costs at 22 cents per ton and administration at 43 cents.

TOTALS—ALL COMPANIES—1936 TO 1939.....	Tonnage	Net Result
	46,904,619	\$ 4,016,167.13 profit

## Summary of Period 1936 to 1939

During this period your Commission has obtained the financial data of 49 producing companies, which have produced and sold 46,904,619 tons of coal. This figure represents 77 per cent of the total Canadian production for these years.

Of the forty-nine reporting companies—

Seven in the East record losses of .....	\$ 2,129,587.91
Seven in the West record losses of .....	121,313.86
<i>Total losses—</i> all companies (14).....	<u>\$ 2,250,901.77</u>

In the eastern provinces there were—

Four companies which had average earnings of \$10,000.00 or under per annum.....	\$	55,850.19
One company earning approximately \$13,000.00 per annum..		51,730.93
One company earning approximately \$25,000.00 per annum..		99,030.83
One company earning approximately \$80,000.00 per annum..		327,422.92
One company earning approximately \$500,000.00 per annum	2,104,921.89	
Total profits—Eastern Companies (8).....	\$	<u>2,638,956.76</u>

In the western provinces of Saskatchewan, Alberta and British Columbia—

Eleven companies showing net earnings of \$10,000.00 per year or under.....	\$	152,045.41
One company showing a net profit of \$11,500.00 annually....		46,921.38
Four companies showing net profits from \$20,000.00 to \$25,000.00 annually.....		369,965.81
Six companies showing net profits from \$25,000.00 to \$40,000.00 annually.....		791,199.56
One company showing a net profit of \$54,000.00 annually....		221,135.65
Two companies showing net profits from \$90,000.00 to \$95,000.00 annually.....		742,283.05
One company showing a net profit of \$133,000.00 annually....		532,267.29
One company showing a net profit of \$193,000.00 annually		772,193.99

Total profits—Western Companies (27)..... \$ 3,628,112.14

TOTAL NET PROFITS—Eastern Companies (15).....\$ 509,368.85

Western Companies (34)..... 3,506,798.28

NET PROFIT—ALL COMPANIES (49)—1936 TO 1939 PERIOD... \$ 4,016,167.13

### PERIOD 1940-1944 (WAR)

#### Operating Results

An analysis of the results (by districts), together with the assistance by the Dominion Treasury, is now dealt with for the years 1940-1944:

MARITIMES— DOSCO GROUP—	Tonnage	Result before Subsidies	Subsidies and/or Provincial Assistance	Result after Subsidies
Four companies	30,226,237	\$11,674,352.26 loss	\$13,203,139.30	\$1,528,787.04 profit

Results as shown are after charging bond interest and rentals to parent companies of \$1,849,708.51.

#### OTHER NOVA SCOTIA COM- PANIES—

Seven companies	3,229,839	\$291,407.81 profit	\$255,931.63	\$547,339.44 profit
One company... New Brunswick companies—	254,259	36,279.10 loss	31,511.29	4,767.81 loss
Five companies.	1,256,887	\$ 60,589.00 loss	\$264,569.87	\$203,980.87 profit
Two companies.	641,416	172,978.18 loss	124,565.72	48,412.46 loss
Total results— Maritimes....	<u>35,608,638</u>	<u>\$11,652,790.73 loss</u>	<u>\$13,879,717.81</u>	<u>\$2,226,927.08 profit</u>



During the war years costs increased considerably over the previous period. In the Nova Scotia companies, average costs increased from 78 cents to \$1.32 per ton on a rising scale each year. In New Brunswick the costs of three companies climbed \$1.40 per ton, one company \$1.31 and the other three companies between 85 cents and 90 cents per ton.

Due to wartime restrictions on price increases, there were no commensurate raises in the returns to the companies through sale of coal. The Nova Scotia companies' sales values average from 27 cents to 88 cents more than the previous period. New Brunswick averages 90 cents per ton more. In the detailed analysis of districts, certain specific factors in this connection are dealt with.

The percentage of labour cost rose from 2 to 4 per cent when compared with the total cost. Most companies show a drop in man-day production, one as high as one ton per day from the 1939 year.

Sundry costs increase proportionately over the normal period. Taking all companies together, compensation increased by 3 cents and administration by 5 cents. Labour and material account for the major increase in costs. In one company they increase by as high as \$1.08 per ton on the period average.

During this period total income taxes set up as payable in the books amounted to \$1,399,009.12.

SASKATCHEWAN COMPANIES	Tonnage	Result before Subsidies	Subsidies and/or Prov. Assistance	Result after Subsidies
Three companies...	<u>2,198,043</u>	<u>\$ 25,953.46 loss</u>	<u>\$ 222,509.09</u>	<u>\$ 196,555.63 profit</u>
One company.....	<u>3,879,120</u>	<u>477,131.90 profit</u>		<u>477,131.90 profit</u>

In the Saskatchewan field the average sales realization dropped to \$1.25 per ton, with costs decreasing to \$1.18. These four companies are mainly stripping companies, with one having in addition an underground mine.

ALBERTA AND EASTERN BRITISH COLUMBIA—BITUMINOUS—	Tonnage	Result before Subsidies	Subsidies and/or Prov. Assistance	Result after Subsidies
Eight companies	<u>18,514,651</u>	<u>\$4,910,118.88 profit</u>		<u>\$4,910,118.88 profit</u>
Two companies	<u>3,068,555</u>	<u>272,126.71 profit</u>	<u>\$ 195,624.54</u>	<u>467,751.25 profit</u>

One company received a grant of \$40,000 from the Emergency Coal Production Board in respect of new development, and the balance of the subsidy is in connection with an operating loss suffered by another company in 1942/1943.

Profits were made per ton by these companies in the amounts of 8.9 cents, 10.4 cents, 17 cents, 18.1 cents, 19.3 cents, 20.2 cents, 21.4 cents, 29.1 cents, 36.5 cents, and 53.6 cents, over the five-year period.

Average sales for all companies increased by 32 cents and costs by 24.6 cents per ton, when compared with the 1936-1939 period.

The labour and compensation percentage increased by a further 4 per cent during this period.

A comparison of the 1939 and 1944 man-day production for each company is as follows:

1939	1944	Profit in 1940-1944 Period		1939	1944	Profit in 1940-1944 Period	
		Increased	Decreased			Increased	Decreased
Tons	Tons	Cents	Cents	Tons	Tons	Cents	Cents
4.3	3.8		5.4	3.4	2.7		37.9
3.8	3.5	5.0		3.1	4.3	37.7	
3.4	2.8		17.6	3.3	3.5		41.2
4.6	3.7	18.6		3.7	3.3		64.1
3.6	3.5		17.7				

ALBERTA— DRUMHELLER FIELD	Tonnage	Result before Subsidies	Subsidies and/or Prov. Assistance	Result after Subsidies
Six companies . . . .	<u>4,137,855</u>	<u>\$ 880,375.93</u>		<u>\$ 880,375.93 profit</u>
Three companies . . .	<u>1,919,596</u>	<u>\$ 85.20 loss</u>	<u>\$ 89,721.04</u>	<u>\$ 89,635.84 profit</u>
One company . . . . .	<u>434,180</u>	<u>\$ 142,496.31 loss</u>	<u>\$ 75,096.98</u>	<u>\$ 67,399.33 loss</u>

One company, after subsidies, shows a loss of 15½ cents per ton. The three companies which received subsidies showed a profit thereafter of 1/10 cent, 2 cents and 14½ cents. Profits earned by the remaining six were 9.8 cents, 19.2 cents, 19.4 cents, 19.9 cents, 20.8 cents and 51.5 cents per ton.

Selling prices, on the average, increased by 48 cents per ton, or 18 per cent, when compared with the standard period. Costs were up by 42 cents, or an increase of 16 per cent.

Labour and compensation costs were up by 2 per cent to 64 per cent of the total cost.

In the first year of this period production per man-day varied between 2.9 and 6.4 tons, and in 1944 between 2.6 and 4.4 tons.

Income taxes to the equivalent of 6 cents a ton, or \$391,482.56, were charged to profits during this period.

ALBERTA— EDMONTON DISTRICT	Tonnage	Result before Subsidies	Subsidies and/or Prov. Assistance	Result after Subsidies
Seven companies . . .	<u>1,942,192</u>	<u>\$ 162,963.33 loss</u>	<u>\$ 247,228.39</u>	<u>\$ 84,265.06 profit</u>

All of these companies were in receipt of subsidies during the war years, and show profits ranging from 1.6 cents to 12.8 cents per ton after subsidies.

Income taxes were paid totalling \$16,785.89.

Production per man-day declines during this period. For the year 1944 two companies' production was 3.5 and 3.9 tons, while the others were under the 3 ton production level.

Selling values increased by 42 cents per ton to an average of \$2.52, and costs increased by 47 cents to \$2.64 per ton. After sundry revenues of 4.7 cents and subsidies of 12.7 cents per ton are credited, over-all profits of 4.4 cents were shown.

ALBERTA— SUNDRY FIELDS	Tonnage	Result before Subsidies	Subsidies and/or Prov. Assistance	Result after Subsidies
Three companies..	<u>611,738</u>	<u>\$ 149,256.42 loss</u>	<u>\$ 151,917.46</u>	<u>\$ 2,661.04 profit</u>
One company.....	<u>1,662,203</u>	<u>\$ 234,125.37 profit</u>		<u>\$ 234,125.37 profit</u>

The profitable company in this group, without subsidy, earns a net profit of 14 cents per ton, after payment of \$115,728.02 in income taxes. Its realization is \$3.50 per ton, with costs of \$3.44.

Production per man-day is from 3 to 3½ tons.

Losses are shown in two cases of 7½ cents and 9 cents per ton, and in the other a profit (after subsidy) of 8 cents.

ALBERTA—STRIPPING OPERATIONS (privately financed)	Tonnage	Result before Subsidies	Result after Subsidies
Five companies.....	<u>2,157,302</u>	<u>\$ 488,186.07 profit</u>	<u>\$ 488,186.07 profit</u>

After the payment of income taxes totalling \$268,963.55, these companies earned profits of \$488,186.07, which is the equivalent in cents per ton of 10½, 15½, 22½, 22.7 and 27.4.

The selling value increased by 15 cents to 30 cents per ton over the preceding period, and in two cases the costs decreased by 5 cents and 6 cents per ton, with the others having increased costs of 15 cents to 25 cents.

The stripping companies financed by the Emergency Coal Production Board are dealt with separately in this report.

BRITISH COLUMBIA— VANCOUVER ISLAND	Tonnage	Result before Subsidies	Subsidies and/or Prov. Assistance	Result after Subsidies
One company.....	<u>3,217,674</u>	<u>\$117,242.21</u>	<u>\$311,032.29</u>	<u>\$428,274.60 profit</u>

In the latter years of this period production per man-day increased, and was 2.2 tons in 1944.

Costs continued high at \$5.69, with selling prices averaging \$5.48.

Sundry revenue of 30 cents was earned during these years, which was sufficient to allow this company to show a profit before government assistance.

Depreciation is included at 32.6 cents and administration at 41 cents.

TOTALS—	Tonnage	Result before Subsidies	Subsidies and/or Prov. Assistance	Result after Subsidies
All Companies— 1940-1944 Period.....	<u>79,351,747</u>	<u>\$4,754,238.38 loss</u>	<u>\$15,172,874.70</u>	<u>\$10,418,609.32 profit</u>

## Summary of Period 1940-1944

For these years your Commission has been presented with the financial data of 60 companies producing coal in Canada, and the undernoted tabulation summarizes the results of their operations, both before and after subsidies from the Emergency Coal Production Board.

Of the 60 companies whose data have been submitted:

	Result before Subsidies	Subsidies and/or Provincial Assistance	Result after Subsidies
<b>EASTERN COMPANIES</b>			
Four companies show losses, both before and after sub- sidies.....	\$ 2,158,812.28 loss	\$ 1,890,236.33	\$ 268,575.95 loss
Eight companies show losses before subsidies and provin- cial government assistance, but profits after subsidies..	10,135,934.17 loss	11,705,506.55	1,569,572.38 profit
Six companies show profits both before and after sub- sidies.....	487,098.54 profit	283,974.93	771,073.47 profit
One company, which did not receive any assistance, showed a profit of.....	154,857.18 profit		154,857.18 profit
<b>TOTAL RESULTS—MARITIME COMPANIES (19).....</b>	<b>\$11,652,790.73 loss</b>	<b>\$13,879,717.81</b>	<b>\$ 2,226,927.08 profit</b>
Of the total assistance shown above, there was provided by the Province of Nova Scotia the sum of.....		\$ 313,551.87	
And by the Dominion of Canada.....		13,566,165.94	
	Result before Subsidies	Subsidies and/or Provincial Assistance	Result after Subsidies
<b>WESTERN COMPANIES— COMPANIES RECEIVING SUBSIDIES</b>			
Four companies suffered losses both before and after subsidies.....	\$ 300,229.26 loss	\$ 208,693.85	\$ 91,535.41 loss
Ten operators show losses before subsidies but profits after.....	246,210.27 loss	543,645.05	297,434.78 profit
Six companies show profits before and after subsidies..	455,053.73 profit	540,790.99	995,844.72 profit

In reviewing the immediately foregoing figures, it must be remembered that the period deals with the years 1940-1944, while the Emergency Coal Production Board assisted coal companies from 1942 on and dealt with each year on its individual merits.

WESTERN COMPANIES— COMPANIES NOT RECEIVING SUBSIDIES	Result before Subsidies	Subsidies and/or Provincial Assistance	Result after Subsidies
Two showed annual profits of under \$10,000.00.....\$	38,097.97 profit		\$ 38,097.97 profit
Nine showed annual profits of from \$10,000.00 to \$50,000.00.....	1,248,943.51 profit		1,248,943.51 profit
Five showed annual profits of from \$50,000.00 to \$75,000.00.....	1,233,984.80 profit		1,233,984.80 profit
One showed annual profits of \$95,000.00.....	477,131.90 profit		477,131.90 profit
Three showed annual profits of from \$100,000.00 to \$200,000.00.....	2,181,659.06 profit		2,181,659.06 profit
One showed annual profits of \$360,000.00.....	1,810,120.91 profit		1,810,120.91 profit
<b>TOTAL RESULTS—WESTERN COMPANIES (41).....\$</b>	<b>6,898,552.35 profit</b>	<b>\$ 1,293,129.89</b>	<b>\$ 8,191,682.24 profit</b>
<b>TOTAL NET RESULTS—</b>			
Eastern Companies (19).....\$	11,652,790.73 loss	\$13,879,717.81	\$ 2,226,927.08 profit
Western Companies (41).....	6,898,552.35 profit	1,293,129.89	8,191,682.24 profit
<b>TOTAL—ALL COMPANIES (60) 1940-1944 PERIOD.....\$</b>	<b>4,754,238.38 loss</b>	<b>\$15,172,847.70</b>	<b>\$10,418,609.32 profit</b>

### Emergency Coal Production Board

Under the impact of war and consequent demand for increased production, the average annual production of most companies surveyed increased over the immediately prior period of 1936-1939.

To further stimulate the coal production, the Dominion Government under P.C. Order No. 10674 set up the Emergency Coal Production Board on 23rd November, 1942, as an emergency measure during the war years.

The Board was empowered to assist the presently existing companies by loans for machinery, equipment, development, retroactive wage increases, housing and for operating expenses. Additional assistance was given by grants for direct development, wage equalization and subsidies to increase production.

As an emergency measure, new stripping operations were completely financed by federal money.

On the facing page is a summary of the Board's financial transactions to 31st March, 1946.

The Board has advanced \$5,101,468.06 by way of loans, of which \$4,899,431.76 was interest-bearing and \$202,036.30 without interest. Including outstanding interest, there is owing to the Board \$2,117,880.78, which includes \$282,578.52 in loans which were past due at the above date.

EMERGENCY COAL PRODUCTION BOARD  
BALANCE SHEET AS AT 31st MARCH, 1946

ASSETS		
Loans—Interest Bearing—		
Retroactive Wage Increase.....	\$ 46,873.76	
Less Recovered.....	<u>45,171.70</u>	
		\$ 1,702.06
Machinery and Equipment.....	\$ 388,800.33	
Less Recovered.....	<u>186,784.17</u>	
		202,016.16
Development Expense.....	\$ 35,125.73	
Less Recovered.....	<u>3,469.00</u>	
		31,656.73
Housing.....	\$ 16,319.81	
Less Recovered.....	<u>2,767.64</u>	
		13,552.17
Stripping.....	\$ 4,417,454.78	
Less Recovered.....	<u>2,686,164.07</u>	
		1,731,290.71
		<b>\$ 1,980,217.83</b>
Loans—Non-Interest Bearing—		
Machinery and Equipment.....	\$ 72,953.62	
Less Recovered.....	<u>30,331.04</u>	
		\$ 42,622.58
Housing.....	\$ 129,082.68	
Less Recovered.....	<u>34,042.31</u>	
		95,040.37
		137,662.95
		<b>\$ 2,117,880.78</b>
Deferred Charges—		
Production Subsidy Advances.....	\$ 7,883,684.34	
Production Subsidy Claims		
Finalized.....	<u>14,837,436.61</u>	
		<b>\$22,721,120.95</b>
Grants—Capital Subsidies		
Direct		
Development.....	\$341,950.58	
Less Recovered.....	<u>267.18</u>	
Housing.....	<u>9,590.15</u>	
		351,273.55
Wage Equalization.....		685,699.65
Sundry Charges.....	\$ 61,233.22	
Less Recovered.....	<u>44.12</u>	
		61,189.10
		23,819,283.25
		<b>\$25,937,164.03</b>

LIABILITIES		
<i>Department of Reconstruction and Supply</i>		
Receiver General of Canada—		
Open Accounts.....	\$ 5,101,468.06	
Less Recovered.....	<u>2,988,729.93</u>	
		\$ 2,112,738.13
Interest on Loans.....	\$ 90,440.11	
Less Remitted.....	<u>85,297.46</u>	
		5,142.65
		<b>\$ 2,117,880.78</b>
Appropriations—"Miscellaneous		
War Expenses"—		
War Appropriations—1942/1943	\$ 436,940.00	
War Appropriations—1943/1944	\$ 4,955,581.91	
Less Recovered.....	<u>22,682.54</u>	
		4,932,839.37
War Appropriations—1944/1945	\$ 8,482,145.44	
Less Recovered.....	<u>9,460.99</u>	
		8,472,684.45
War Appropriations—1945/1946	\$ 9,978,037.89	
Less Recovered.....	<u>1,278.46</u>	
		9,976,759.43
		23,819,283.25
Deferred Liability—		
Adjustment Reserve—		
Acadia Coal Company	\$ 6,250.05	
Limited.....		
Balance of Loan and Grant	27,168.84	
Commitments.....		
		<b>\$ 33,418.89</b>
Contingent Liability—		
Bank Loans Guaranteed—		
Standard Coal Company	\$ 7,000.00	
Limited, N.S.....	3,350.00	
Oliver Coal Mines.....		
		<b>\$ 10,350.00</b>
		<b>\$25,937,164.03</b>

FINANCIAL ASPECTS—RECAPITULATION

A further analysis of these loans (by provinces) showing interest and repayments is as follows:

	Amount Advanced	Interest Charged	Repayments		Balance Outstanding 31st March, 1946
			Principal	Interest	
	\$	\$	\$	\$	\$
<b>Interest-bearing Loans—</b>					
Province of					
Nova Scotia.....	17,502.71	535.76	17,502.71	535.76	.....
New Brunswick.....	24,719.65	767.04	23,996.03	750.21	740.45
Saskatchewan.....	217,735.14	9,299.32	132,099.53	9,217.38	85,717.55
Alberta.....	207,828.42	6,011.04	61,871.19	4,727.23	147,241.04
British Columbia.....	17,723.05	928.69	2,723.05	700.61	15,228.08
<b>Stripping Operations—</b>					
New Brunswick.....	14,000.00	1,039.93	5,833.30	1,039.93	8,166.70
Alberta.....	4,399,922.79	71,858.33	2,680,330.77	68,326.34	1,723,124.01
<b>Total.....</b>	<b>4,899,431.76</b>	<b>90,440.11</b>	<b>2,924,356.58</b>	<b>85,297.46</b>	<b>1,980,217.83</b>
<b>Non-interest-bearing Loans—</b>					
Province of					
Nova Scotia.....	\$ 17,303.65	\$ .....	\$ 7,336.33	\$ .....	\$ 9,967.32
New Brunswick.....	14,994.66	.....	3,640.88	.....	11,353.78
Saskatchewan.....	47,122.98	.....	.....	.....	47,122.98
Alberta.....	122,615.01	.....	53,396.14	.....	69,218.87
<b>Total.....</b>	<b>202,036.30</b>	<b>.....</b>	<b>64,373.35</b>	<b>.....</b>	<b>137,662.95</b>
<b>Grand Total.....</b>	<b>5,101,468.06</b>	<b>90,440.11</b>	<b>2,988,729.93</b>	<b>85,297.46</b>	<b>2,117,880.78</b>

NOTE.—On asset side of Balance Sheet (previous page) total amounts advanced include interest charged and not paid. Total of amounts advanced, therefore, include \$5,142.65 representing difference between interest charged of \$90,440.11 and payments received of \$85,297.46.

In addition to the loans, the statement also shows the amounts the Board has expended on production subsidies, grants, wage equalization and sundry charges, to a total amount of \$23,819,283.25. These monies were obtained from Parliament under appropriations of the Department of Reconstruction and Supply "Miscellaneous War Expenses". By provinces these items are segregated as follows:

Province	Production Subsidies		Grants	Sundry Items	Total	Per- cent- age
	Finalized	Advances	Develop- ment, etc.			
	\$	\$	\$	\$	\$	%
Nova Scotia.....	11,856,702.33	6,537,897.14	.....	34,468.12	18,429,067.59	77.4
New Brunswick.....	648,925.33	170,452.93	1,805.30	1,333.47	.....	3.5
Saskatchewan.....	298,748.35	82,505.19	75,889.80	.....	822,517.03	1.9
Alberta.....	1,652,675.52	542,618.28	167,807.55	4,915.68	457,143.34	.....
British Columbia....	380,385.08	550,210.80	33,311.99	.....	2,368,017.03	9.9
Sundry Items— rents, etc.....	.....	.....	72,458.91	20,471.83	963,907.87	4.0
	14,837,436.61	7,883,684.34	351,273.55	61,189.10	23,133,583.60	97.1
	(\$22,721,120.95)					
Nova Scotia—Wage Equalization.....	.....	.....	.....	.....	685,699.65	2.9
<b>Grand Total of Expenditures other than loans.....</b>					<b>23,819,283.25</b>	<b>100.0</b>

A further analysis of the expenditures (by years) is as follows:

	1943	1944	1945	1946	Total
	\$	\$	\$	\$	\$
Production Subsidies.....	429,240.00	4,211,574.64	8,298,182.85	9,815,232.15	22,754,229.64
Less Recovered.....		22,415.36	9,420.87	1,272.46	33,108.69
	429,240.00	4,189,159.28	8,288,761.98	9,813,959.69	22,721,120.95
Wage Equalization.....		449,890.75	83,986.89	151,822.01	685,699.65
Grants.....		275,926.91	68,526.85	7,086.97	351,540.97
Less Recovered.....		267.18			267.18
		275,659.73	68,526.85	7,086.97	351,273.55
Loans with Interest.....	7,700.00	669,624.41	2,010,218.40	2,217,031.60	4,904,574.41
Less Recovered.....		5,631.31	833,837.59	2,084,867.68	2,924,356.58
	7,700.00	663,993.10	1,176,380.81	132,143.92	1,980,217.83
Loans without Interest.....		134,817.08	69,577.21	31,455.27	235,849.56
Less Recovered.....			63,921.40	34,265.21	98,186.61
		134,817.08	5,655.81	2,809.94	137,662.95
Sundries.....		25,889.61	31,448.85	3,894.76	61,233.22
Less Recovered.....			40.12	4.00	44.12
		25,889.61	31,408.73	3,890.76	61,189.10
Grand total of balances...	436,940.00	5,739,409.55	9,654,721.07	10,106,093.41	25,937,164.03

A review of the operations of the Board is fully covered in the chapter Government in Relation to the Industry.

### Ancillary Operations of Coal Companies

A very large proportion of the revenue of most companies is derived from sources other than the actual mining of coal.

Over the fifteen-year period the combined net earnings on coal mined of all companies amounts to \$790,088.35, or one-half cent per ton on all coal sold. From other sources the coal companies earned \$21,671,440.72, or 12 cents per ton.

These sundry revenues arise from the operation of light and water utilities, through rentals of buildings, apartments, houses and hotels, sale of foreign coal, production of coke, briquettes and by-products, and from investment earnings.

Revenues included under this heading, however, are definitely connected with, and are attributable to, the coal operation, as they emanate from the townsites in which the mines are located and from the investment of reserve and surplus funds set aside or earned throughout the history of the companies.

A segregation of these earnings is as follows:

	1930-1935	1936-1939	1940-1944
Eastern Companies.....	\$3,274,984.39	\$1,345,959.36	\$5,070,944.35
Cents per Ton.....	10.4	5.0	14.2
Western Companies.....	\$3,962,145.75	\$2,855,995.33	\$5,161,411.54
Cents per Ton.....	17.0	14.2	11.8
Total.....	\$7,237,130.14	\$4,201,954.69	\$10,232,355.89
Cents per Ton.....	13.2	9.0	12.9

Included in the sundry revenues of Dominion and Cumberland Coal Companies are cost-of-living bonus and levelling of wages assistance from the Dominion Government of \$1,302,075.58, which represents 3.6 cents per ton over the 1940-1944 period.



## Returns to Investors

## Common and/or Preferred Shares

The dividend-paying record of the individual companies is shown on the company statements. Out of the companies examined approximately 50 per cent have paid dividends, and over the fifteen-year period the amount of \$17,852,006.20 was paid as follows:

Companies	Capital	Dividends Paid
	\$	\$
Western Bituminous.....	24,886,696	12,332,041
Maritimes.....	25,764,141	4,406,532
Alberta Domestic.....	5,486,473	776,183
Vancouver Island.....	4,627,940	nil
Saskatchewan.....	2,012,719	41,250
Alberta Stripping (private companies).....	1,619,000	296,000
	64,396,969	17,852,006

## Bondholders

There have been several of the companies which financed the original plant and working capital by the sale of bonds and debentures to the public. The proceeds from the sale of this class of security has also been used to finance further development after operations have been commenced.

The amounts charged to operations for the interest on their funded debt, together with repayment provision, are as follows:

	Interest	Rate of Interest	Sinking Fund
	\$	Per cent	\$
<b>DOMINION COAL COMPANY LIMITED—</b>			
First Mortgage Bonds.....	2,756,493.35	3½, 4½, 5	2,116,333.36
Income Bonds.....	1,608,195.87	6	163,333.33
Equipment.....	141,841.73	3½, 4, 4½	582,416.67
Discount.....	309,148.79		
	4,815,679.74		2,862,083.36
<b>OLD SYDNEY COLLIERIES LIMITED.....</b>	1,340,233.37	5, 6	
The above represents a part of the interest on debentures of Nova Scotia Steel and Coal Company Limited, which was settled under a plan of re-organization in 1938 by the issue of Dosco "B" shares.			
<b>CUMBERLAND.....</b>	1,296,735.41	5	210,000.00
<b>MANITOBA AND SASKATCHEWAN COAL COMPANY LIMITED..</b>	127,730.00	4½	
<b>ALEXO COAL COMPANY LIMITED.....</b>	17,820.00	6	
Over the fifteen-year period interest was waived for ten years.			
<b>BIG HORN AND SAUNDERS CREEK.....</b>	237,702.62	8 reduced to 2	
The above represents interest set up 1930-1944 but of which only \$12,000.00 was paid, being the last three years at 2 per cent per annum.			
<b>CANADIAN COLLIERIES (DUNSMUIR) LIMITED.....</b>	593,006.00	7	
Discount.....	596,458.65	5	
	16,134.11		
	1,205,598.76		
<b>TOTAL BOND INTEREST AND SINKING FUND.....</b>	9,041,499.90		3,072,083.36

Rentals payable to parent companies are also included in the results, as follows:

	\$
Old Sydney Collieries Limited.....	463,918.30
Cumberland Railway and Coal Company (To Dominion Steel and Coal Corporation).....	399,071.60
Regal Coal Company Limited, Drumheller.....	832,183.24
	<hr/>
Total Rentals.....	1,695,173.14
	<hr/> <hr/>

The rental of \$222,736.05, paid by Cumberland Coal Company to Dominion Coal Company Limited for the years 1940-1942 is not included in the above rentals, as it is charged in costs, under the heading of "Taxes and Rentals".

### Depletion

The amounts which are charged by a number of coal-producing companies in their mining costs for depletion do not represent out-of-pocket expense, but rather an amount which has been allowed by the Income Tax Department as a charge against the taxable income of the company. The Income Tax Department allows the amount of 10 cents per short ton (2,000 lbs.) on coal produced, regardless of the cost or book value of the coal areas or leases. It is not a requirement of that Department that the amount of depletion be recorded in the books of account, so that in many instances differences will be noted between the profit and loss in respect of the year's operation and the taxable income for the same year; such differences being, in the main, that the taxable income has been reduced by the depletion allowance.

The Emergency Coal Production Board, however, has only allowed as an expense for subsidy purposes, depletion on coal areas or leases where the company is able to satisfy the Board that the leases were acquired for cash.

In the subsidy claims for most companies the Board has disallowed any charge for depletion because of their inability to establish to the satisfaction of the Board a cash value for their leases.

As mentioned previously, the Income Tax Department allows 10 cents per short ton for depletion, although no expenditures have been made, and therefore, this allowance should be regarded as a risk profit which is given to the companies to compensate in some measure, the hazards of the industry and for the purposes of income tax.

### Conclusions

The foregoing general review, supplemented as it is with related material on most of the mining companies in Canada, clearly indicates that the operations of the industry as a whole have not been too profitable. Involving an investment which at the end of 1944 amounted to approximately \$83,000,000 and in respect of sales of 180,000,000 tons over the fifteen-year period, the Canadian coal industry has had a return of approximately 10 cents per short ton. While this is the over-all result, a geographical distribution of these figures shows that the eastern companies (Maritimes) sold 52 per cent of the coal and only made a net profit of  $\frac{1}{3}$  cent per ton, while the western companies (Saskatchewan to British Columbia) sold 48 per cent of the coal and realized a profit of 19 $\frac{1}{2}$  cents per ton. These figures are before any provision for depletion.

The foregoing results are after including production subsidies paid by the Emergency Coal Production Board and other governmental assistance totalling approximately \$15,000,000, of which approximately \$13,800,000 was paid to the eastern companies and \$1,200,000 to the western companies. If the operating results are considered before the application of the above subsidy amounts, the

operations of the eastern companies would have resulted in a loss of  $14\frac{1}{2}$  cents per ton while the profits of the western companies would have been reduced to 18 cents per ton. It is only fair to observe that subsidies paid by the Emergency Coal Production Board were in considerable measure due to the wartime price ceiling policy.

The most important yardstick for ascertaining the cost per ton is the man-day production, and it will be appreciated that the larger man-day production as experienced by the western mines is the main contributing factor to the drastically different operating results. It will also be recalled that the same observation is true, insofar as man-day production is concerned, as between mines in the same area. A review of the importance and significance of this vital matter is contained in the chapter on "Mining Methods".

A very general review, therefore, of the industry in different areas will indicate that, as mentioned previously, the western companies have had a favourable operating experience, the most satisfactory of which was enjoyed by the bituminous operators in Alberta and Eastern British Columbia. The record of the domestic mines in Alberta is varied, as the analysis will show that some have carried on with marked success while the record of others is quite indifferent.

Canadian Collieries (Dunsmuir) Limited, the major producer in British Columbia, has had only a fair operating record. The operations of only one company in the Nicola-Princeton field have been reviewed, but the record of mining companies in that area over a long period of years has been unfavourable. Saskatchewan operations, on the whole, have progressed, the major operator carrying on strip mining and although receiving production subsidy during the war period can be regarded as a successful operation.

Minto operations in New Brunswick, carried on to meet a localized demand, received only limited assistance by way of transportation subventions. During the war period, however, all of the companies in this field have received financial assistance by way of production subsidies from the Emergency Coal Production Board.

The operations in Nova Scotia have particularly required the assistance of transportation subventions, and the amount expended in this connection is dealt with in a separate chapter on that subject. The war produced many conditions that were particularly difficult for Nova Scotia. Their cost of production was always high but was neutralized to some extent by the low cost of using the St. Lawrence Waterway to eastern markets. Their difficulties, therefore, became quite pronounced when the exigencies of war precluded that traditional movement of their coal.

Varying difficulties attend coal mining in each district and quite often in each mine, and therefore a full understanding of the many problems can only be obtained by correlating this financial review with the problems which are fully canvassed in other chapters of this Report.