energy source. Instead, it seems far better to develop programs and policies for coal in the context of all energy sources.

I would like to say a few words about some of the more important responsibilities of the Dominion Coal Board, to indicate their present status. At the same time, Mr. Speaker, I can tell of the arrangements being made to discharge the Board's remaining responsibilities. One of its major assignments has been to administer coal subventions. Over the years since the Coal Board was formed we have moved away from subventions conceived as merely part of the freight rate. Instead, we have given financial assistance to reduce the laid-down cost of coal at the point of consumption, to meet competition from imported fuels. This change has contributed to a steep climb in the annual expenditure for coal subventions. This rose from $1.7 million in the fiscal year 1947-48 to $33.3 million in the fiscal year 1967-68.

Since the subvention system was first introduced in 1928, total payments have exceeded $320 million. These have been administered by the Dominion Coal Board and its predecessor, the Dominion Fuel Board. In the past, subventions have been very useful in marketing Canadian coal. But changes in the Canadian energy industry, particularly the diminishing relative importance of coal, have made the subvention concept obsolete.

The work of the Coal Board has also been reduced by the creation of the Cape Breton Development Corporation, and by Nova Scotia's acceptance of full responsibility for the smaller coal operations in that province. This reduced workload was predicted in 1966 by the Donald Report on the Cape Breton coal problem. This report also stated that "such duties as remain could be administered directly by the Department of Energy, Mines and Resources and the staff of the Board absorbed into that department". Toward this end, the Donald Report recommended that the Dominion Coal Board Act be "reviewed and assessed".

The coal policy agreement between Canada and Nova Scotia was signed on June 13, 1967. Under this agreement Nova Scotia accepts complete financial responsibility for such support of the smaller coal mines as it deems appropriate and necessary.

The act to establish the Cape Breton Development Corporation received royal assent on July 7, 1967. Devco is now operating the Cape Breton mines and related facilities of the Dosco group of companies on Cape Breton Island.

[Mr. Orange.]

The Coal Board's subvention work has also been reduced by an agreement between the federal government and the province of New Brunswick, concluded March 26, 1968. This ended subvention payments to coal producers in the Minto field. Instead, the province is receiving lump sump payments over a five year period, and now is responsible for rationalizing its coal mining industry and attracting new industry to the Minto area. The province was paid $2.8 million in the fiscal year 1968-69 and the agreement calls for another four annual payments of $4,050,000. As well, the federal government transferred to New Brunswick the rights of outstanding loans granted to coal producers in that province under the Coal Production Assistance Act. The value of these loans, as of transfer date, was approximately $513,000.

• (12:20 p.m.)

In western Canada, three major coal operators are receiving subventions for export movements, but all three have now completed long-term contracts for the export of coal to Japan on a completely commercial basis. Consequently, subvention assistance to one of these firms will end this coming March 31 and assistance to the other two will end on or before March 31, 1971.

Subvention assistance is also paid on smaller amounts of coal from Saskatchewan, Alberta and British Columbia shipped to markets in Manitoba and Ontario. Last year this assistance amounted to $252,000, but these subventions also terminate on March 31.

When the Dominion Coal Board is dissolved, the remaining administrative functions concerned with subventions will be relatively few. The residual functions will be transferred to the Department of Energy, Mines and Resources. However, the Board has responsibilities other than administering subventions. Section 6 of the Dominion Coal Board Act requires the board to advise the government on policies and measures related to the production, importation, distribution and use of coal in Canada. Section 7 of the Dominion Coal Board Act empowers it to undertake a wide range of research. This may be concerned with such matters as methods of mining and marketing coal and the competitive position of coal vis-à-vis other sources of energy. The Board has also served as a coordinating agency within government, between government and with the industry.

The dissolution of the Coal Board will not mean that these continuing and important