

The failure of the lignite industry at this critical stage to obtain any relief from the recent increases will, it is feared, have an adverse effect on its customers and further strengthen natural gas competition.

5. Subventions do not apply to major lignite coal movements.

While the lignite industry supports the aid extended to other branches of the coal industry in the form of subventions, it receives little assistance itself.

In round figures only 275,000 out of the total tonnage of 2,200,000 produced by the lignite industry, benefits from subventions. The subvention applies only to tonnage that moves beyond the Manitoba-Ontario boundary.

The amount paid to the lignite industry was \$247,000 or less than 85 cents per ton, subject to subvention. This is the tonnage delivered to pulp and paper mills in northwestern Ontario. The bulk of the industry's sales which occur in the provinces of Saskatchewan and Manitoba do not qualify for subvention.

The substantial subventions paid to other branches of the coal industry have been referred to as one reason for not extending the benefit of the Freight Rates Subsidy Act to coal. The Minister of Transport on April 9, 1959 referred to subventions as follows at page 2394 of *Hansard*, and I quote:

"Assistance to coal and coke is given in the form of subventions, and to show how those subventions have been increased, for instance, during the past two years, I will give the comparative figures for the years 1956 and 1958. In 1956 the average subvention paid per ton was \$2.67. In 1958, the average subvention per ton was \$3.15. This shows that there has been an increase of 48 cents per ton during those two years, or an increase of 18 per cent.

Subventions paid during the calendar year 1958, by regions were as follows: In the maritime regions, that is in the provinces of Nova Scotia and New Brunswick, the amount was \$8,546,041. In the western region, that is the province of Alberta and the Crowsnest area of British Columbia, the amount was \$667,000.

On March 17 last the Prime Minister announced in the house that the federal government would pay an additional \$500,000 in the form of subsidies to maritime coal this year. The government also recently announced the payment of an additional 50 cents per ton on 100,000 tons of Alberta coal which has been shipped to Japan, and this additional subvention was paid to make possible the sale of that quantity of coal.

I noticed yesterday that in reply to a question Mr. Knowles also mentioned the subventions as being one reason why there was no need for further relief for coal under this act.

The extent of present and future subsidies payable for maritime, Alberta and British Columbia coal overshadows the small subventions paid on lignite coal. In addition, the average subvention paid per ton is more than three times greater than the subvention paid on the small tonnage of lignite coal subject to subvention.

It would seem unfair to deny one branch of the coal industry relief from freight rate increases because of the special subventions paid to another branch. Moreover, it might appear advisable, in the national interest, to attempt to maintain the lignite industry in a reasonably sound economic position by the extension of the general freight rate subsidy to it. This alternative would appear more attractive than attempting later to shore up a near broken industry by subventions and other measures of special relief.

Sixthly, Lignite is denied the natural advantages resulting from low cost and favourable geographical location.