

## Reply of the Dominion Coal Company Limited

anxious were the Companies to maintain this contract in its essential features that when amendments were made the new contract was also confirmed at a special session of the Legislature called for the purpose as is seen by Chapter 156 of the Acts of 1903-04.

Though under these contracts the Dominion Company is only bound to furnish Coal from its areas lying east and south of Sydney Harbour, it has already been pointed out that the anxiety for an ample and long assured supply of coal was always present to the mind of those charged with the direction of the Steel Company and was the main reason that promoted the amalgamation of the Companies in 1910. Coal on the North of Sydney Harbour is now available for and essential to the requirements of the Steel Company and until this Company was advised that the Government were considering its title as a proper subject for recall the anxiety of the Board as to its future supply of coal has revived.

The coal in the North Sydney holdings is metallurgical coal of excellent quality and its sulphur content is low as compared with many other Cape Breton Coals. Prudent mining practice is to use the slack coal for the Steel Company and sell the round coal to the public, as about 40 per cent. of this Company's coal is made slack in the winning. Hence the result is that this Company mines about 3,000,000 tons of coal to supply the Steel Company's present requirements of 1,200,000 tons. All this must be metallurgical coal. The Steel Company officials have for some time been urging that better results from the plant would be had if a higher grade of metallurgical coal were furnished and this Company has been contemplating putting into execution its previously settled plans to develop its North Sydney holdings, so that as its metallurgical coal became scarcer and more expensive and difficult to win from its present workings the supply from the new workings would become increasingly greater. As the coal would be for use of the Steel plant and as the Canadian National Railways run close to the projected openings and connect with the coke ovens, existing transportation facilities fit in admirably with the proposed development. The recent heavy expenditures for coal washing plant and new coke ovens amounting to more than \$6,000,000 were made for the purpose of endeavouring to perfect the raw coal so as to secure the best coke possible from the product of the present collieries.

The Directors of this Company desire to impress on the Government with all the authority that their long experience in the management of the affairs of these Companies entitle them to assert that their coal reserves at North Sydney are vital to maintain the extended and continued operations of the Steel Company.

Further information as to the necessity of conserving this metallurgical coal will be submitted to the Government if the Company's carefully considered statement in this regard is not sufficient. These statements will consist of analysis of coal from every part of its present workings and plans that locate metallurgical and non-metallurgical coal in the seams to the South of the Harbour. These prove to a demonstration the necessity of the ownership by this Company of its North Sydney areas.

This Company must protest against any stranger to its obligations assuming to dictate the quality of the security it placed or desires to maintain behind such obligations. This Company created these obligations on the knowledge it had of the value of its assets. It recognizes it has a responsibility to meet them and it believes by wise management it can use its properties to discharge its financial commitments.

The holders of its securities also purchased these obligations believing this company had represented

its properties correctly and believing that the company would manage them to pay the interest and return the principal.

The Dominion Coal Company and its allied corporations have gone into the market eight times to secure money to acquire, build and prosecute its undertakings. It may have to go again; but what reception will its prospectus have if it becomes known to the financial world that its leases are to become the prey of anyone coveting its metallurgical coal?

The Company has taken a position from the beginning of this discussion that it is its duty to its shareholders and security holders to maintain its properties for the purposes for which they were acquired. It must also keep faith with the banking houses of world wide reputation who bought its securities from the Company and sold them to their clients. Common business honesty requires that this Company maintains that position.

It is not the Province of this Board to do more than respectfully urge upon the Government the consequences that would follow interference with its titles granted after the discussion and sanctions already pointed out. Capital would shun investments in this Province and the high reputation for integrity that the Province rightly enjoys would be tarnished. It is not in consonance with British institutions or the traditions of our race to nullify contracts by legislative action. So rigid are these principles fixed in the national character that it is given expression to on every occasion. Only recently a committee presided over by Lord Buckmaster an ex-Lord Chancellor was appointed in England to recommend to Parliament whether it was advisable to enact legislation to relieve against the strict enforcements of contracts whose performance might press harshly on one of the parties. This report recommended against any legislative action as being unwise in the national interest. This was the view that prevailed as to contract's made between private parties—what would be the character of the report of contracts made between the Government as one party and a citizen the other.

We have the honor to be,

Sir,

Your obedient servants

DOMINION COAL COMPANY LIMITED

MARE WORKMAN,

The Honourable,  
The Commissioner of Mines,  
Halifax.

Approved by the Board 2nd April, 1919.

### Schedule "A".

OUTPUTS OF CAPE BRETON MINES  
of the

DOMINION COAL CO. LIMITED.

YEAR.	Tons.
1893.....	826,208
1894.....	984,207
1895.....	875,291
1896.....	1,152,892
1897.....	1,251,305
1898.....	1,135,182
1899.....	1,664,376
1900.....	1,999,739
1901.....	2,561,783
1902.....	3,174,227
1903.....	3,147,766
1904.....	3,023,522
1905.....	3,189,657
1906.....	3,552,746
1907.....	3,541,263
1908.....	3,555,068
1909.....	2,734,774
1910.....	3,526,754
1911.....	3,984,749
1912.....	4,513,269
1913.....	4,739,149
1914.....	4,287,717
1915.....	4,608,979
1916.....	4,091,990
1917.....	3,551,984
1918.....	3,271,755
GRAND TOTAL.....	74,946,342

All in tons of 2240 lbs.

### Schedule "B".

ROYALTIES PAID TO PROVINCE OF NOVA  
SCOTIA ON COAL MINED IN CAPE BRETON  
BY DOMINION COAL CO. LIMITED.

YEAR.	AMOUNT.
1893.....	\$ 72,239.25
1894.....	111,536.37
1895.....	101,152.23
1896.....	128,532.25
1897.....	135,543.12
1898.....	142,489.12
1899.....	167,712.87
1900.....	283,228.85
1901.....	298,519.86
1902.....	364,640.11
1903.....	349,221.00
1904.....	345,806.61
1905.....	361,662.00
1906.....	389,952.12
1907.....	399,957.24
1908.....	404,604.24
1909.....	308,423.76
1910.....	395,764.63
1911.....	451,572.24
1912.....	516,739.23
1913.....	529,694.83
1914.....	486,817.28
1915.....	536,387.19
1916.....	465,548.74
1917.....	397,630.11
1918.....	362,613.15
TOTAL.....	\$8,503,588.40