DOMINION STEEL REPORT

Conservative Policy Was Followed — Large Capital Expenditures Made

The conservative policy followed by the Dominion Steel Corporation last year was chiefly responsible for the fact that after the payment of dividends there was left the comparatively small surplus balance of $98,067. The earnings of the company for the twelve months ended March 13th, 1913, were equal to 4.31 per cent. on the common stock. The company put back into the property during the year as much money as it paid to the holders of common stock in dividends.

The combined earnings of the two chief constituent companies, exclusive of the dividend on 50,000 shares of stock of the corporation held by the Steel Company, after providing for depreciation, sinking funds, etc., and all interest, except on income bonds, amounted to $2,418,356.98. The interest on the income bonds held by the corporation, namely, $420,000, is the first charge on this amount, and forms the primary source from which the yearly dividend of that amount on the preference shares is derived. The increase in reserve funds and surplus during the year amounted to $1,272,199.96, and the dividends paid out on common stock were $1,277,101.00.

Prices Were Low.

In view of the conditions that prevailed during the past year, the directors regard the result as encouraging. The prices received for steel products were low; the costs and output were affected adversely by the pressure to complete the new plant, and, as before, a considerable part of the product had to be marketed in forms of finished steel, which, owing to the condition of the tariff, were unprofitable. In addition, while the expenditure of new capital on the company's properties has increased fixed charges, it has not yet produced the increased earning power which is expected.

The tariff remains unchanged, but otherwise these disadvantageous conditions have passed or are passing away. The acute depression in iron and steel prices, resulting from the conditions which prevailed in the United States, was severely felt by the company during the year notwithstanding the heavy demand for these products, but conditions in this respect have greatly improved and better prices are now being obtained. In the financial year upon which we have now entered your business will have the advantage of larger outputs, of ability to produce more profitable forms of finished steel by means of the new mills, of enhanced prices, and, it is hoped, of lower costs.

Production Was Increased.

The production figures again show a fair increase over the previous year:—

	Year ending 31 Mar., '13. Tons.	Year ending 31 Mar., '12. Tons.
Coal Company—		
Cape Breton collieries	4,640,940	4,063,3[illegible]5
Cumberland collieries	412,220	342,868
Total coal mined	5,053,160	4,406,263
Steel Company—		
Ore mined, Wabana	757,003	602,168
Pig iron	321,020	290,588
Steel ingots	343,251	335,553
Blooms and billets not further finished	49,132	43,950
Rails	174,802	153,498
Rods	53,323	70,633
Bars, wire, nails, etc.........	10,778	......

Large Capital Expenditures.

During the year the capital expenditure of the companies exclusive of the final payment of $350,000 in respect of the Steel Company's purchase of Coal Company stock, amounted to $4,939,866.25, of which $2,456,026.27 was expended on the new collieries and other property and improvements connected with the coal business, and $2,483,839.98 on the Steel Company's plant, mines and quarries. Of these expenditures the earnings of the combined companies supplied over $1,000,000.

On the Coal Company's property, the re-opening of Victoria Mine (now No. 17) has been commenced, also of the mine on the Emery seam, known as No. 11, underlying No. 3 colliery, the latter being now nearly exhausted. These collieries will give an early addition to the output, and in the case of No. 11, will utilize in part the equipment of No. 3.

Nothing new has been undertaken in the steel department during the year, except in the way of additions to subsidiary plant and equipment, found necessary for the enlarged business. The two new blast furnaces, the large mixers, the bar and rod mill and the wire and nail mills are all at this date in successful operation.

Eight thousand shares of the common stock of the corporation were issued during the year in exchange for an equal number of shares of the common stock of the Dominion Iron and Steel Company, Limited, and were subsequently disposed of by the latter.

The additions to the steel plant have been more extensive and more costly than the early estimates, and with the enlargement of all branches of the business, much larger amounts are found to be absorbed in working capital. The directors have sold, at a satisfactory price, £200,000 of the 5 per cent. consolidated mortgage bonds of the Steel Company, and have under consideration the issue of a further moderate amount of securities to provide for these matters.

It is impossible with such properties to fix any limit to the growth of the plants, but, subject to unforeseen developments, it is proposed that for some time to come the energies of the staff shall be devoted to the development of the steel plant as now completed, and that no further extensions shall be undertaken until the existing plant has been brought to the highest efficiency. The equipment of the Coal Company must be not only maintained, but steadily increased to meet the growing requirements of its customers. A large part of this the directors expect to provide for out of reserves and surplus earnings.

CALGARY'S PUBLIC UTILITIES

(Special Correspondence).

Calgary, June 10th.

Preparatory to striking the rate, based on the estimated expenditure for 1913, Calgary's city commissioners prepared a report on all the public utilities under their control. It showed:—

"During 1912 there were 47 miles of water mains laid, 324 hydrants set, and 3,116 new connections made to the mains. The expenditure on the aforesaid works charged to capital account was the sum of $558,846.52. The estimated revenue was $258,550.10, and the actual income amounted to $244,423.37.

"All bills chargeable to the waterworks system, up to December 31st, 1912, have been settled.

"The asphalt paving plant has been operated by the city since the month of July, 1912. Paving was constructed at an average cost of $2.10 per square yard; price quoted includes an allowance for debenture interests, sinking fund and plant depreciation.

"The capacity of this plant in 1912 was, approximately, 1,000 square yards per day, and the new unit now nearing completion will much more than double the capacity of the plant.

"The revenue derived from this utility was $87,558.02; the expenditure $103,247.38, $24,954.71 of the latter amount representing stock on hand, leaving a surplus of $9,265.53.

"The street railway has expanded beyond expectations. Starting operations in 1909 with two cars, half a mile of track and 16 employees, in December, 1912, the system had increased to 54 cars in operation, 60 miles of track, 246 regular men employed.

"During the past year it carried 14,627,370 passengers, earning a gross revenue of $603,975.38, with a total expenditure of $502,254.81.

"Its capitalization account stands at $1,615,000, of which has been expended $1,537,490, leaving a balance of $77,509.08 which is available for construction purposes.

"The electric light and power plant department, in the seventh year of municipal operation, continues to show gratifying financial results and satisfactory service.

"The normal peak load, namely, 7,000 horse-power, 5,000 horse-power of which is purchased from the Calgary Power Company, generating this energy by means of water-power obtained at Kananaskis Falls; the remaining 2,000 horse-power is produced by means of a battery of 16 boilers, six of which use as fuel, natural gas, and 10 coal, representing a total of 5,000 horse-power. There are 11 generators, whose prime movers consist of steam and electrical energy. The remainder of the city's power plant, representing 3,500 horse-power, is under stand-by to take over full capacity at short notice.

"The gross revenue received from the sale of electric light and power was $489,264.72, and the expenditure was $471,473.81, showing a net surplus of $17,790.91. The gross capital account amounts to $1,507,000, of which $1,454,017.40 has been expended, leaving a balance of $52,982.60. This makes a total gross plant account of $1,454,017.40."

The mill rate has not yet been officially announced, but it is expected that even though it has to provide for the unpaid bills of last year on sundry accounts, it will not exceed 16 mills.

LONDON, ONTARIO, HANDS OVER BONDS

The block of $764,500 bonds of London, Ontario, which were advertised for sale, have been placed in the hands of Messrs. Wood, Gundy and Company for disposal.