

TOP SECRET

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In 1948 the Dominion Coal Board had decided that a profit of 50 cents per net ton should be included in the laid down cost of the Dominion Coal Company. The same was provided in 1949. In 1950 the Board concluded that conditions had changed considerably and decided that the profit allowance would be the profit per ton shown as earned by the company for the particular year in its financial statement, subject to a maximum of 50 cents a ton. The 1950 figure worked out at 21.5 cents per ton. The company objected and claimed that there should be the same profit allowance as in 1948 and 1949. In 1951 the company by its own accounting system realized a profit of only 5 cents a ton. A reasonable profit should be allowed in setting the cost for the subvention. 25 cents per ton appeared to be reasonable during the estimated period of the company's transition to mechanization in order to give them some assurance of continuity of assistance.

An explanatory memorandum had been circulated.

(Minister's memorandum, Feb. 17, 1953 and attachments - Cab. Doc. 48-53).

20. In the course of discussion, it was suggested that:

(a) if the Dominion Coal Company were not given an arrangement along the lines proposed, it would likely discontinue the operation of a number of mines now being worked at a loss and such discontinuance would cause social problems; and

(b) that consideration might be given to the possibility of having the railways defer conversion to diesel locomotives in the Maritime provinces until conversion had been completed in parts of the country where Canadian coal was not used.

21. The Cabinet, after discussion, approved the recommendation of the Minister of Mines and Technical Surveys and agreed that, for the years 1950-54 inclusive, the cost of Nova Scotia coal for subvention purposes should be that of the Dominion Coal Co. as determined by the Cost Audit Division of the Department of Finance, in accordance with agreed practice, plus a profit of 25 cents per net ton.

New Brunswick soft coal; proposed use in Army establishments

22. The Minister of Labour mentioned that although the major portion of the soft coal produced in New Brunswick was used in local power plants, there was a considerable surplus for which markets were not readily available.

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