

NEWFOUND-  
LAND,  
MINERAL  
RESOURCES.

2. I therefore enclose copy of a report, dated 29 November last, from Mr. Howley, the head of the Geological Department, to the Colonial Secretary, with two tracings in illustration of the report.

3. It will be seen from the report that there are at present two distinct coal areas, one on St. George's Bay, and one in the Grand Lake district.

4. The railway has been already built a good distance beyond the Grand Lake district. The coal area is on both sides in close proximity to the line; but the coal obtained in it will have to be conveyed over 45 miles of the line before it will reach a point on the Humber river at which it could be shipped; the gradient of the line is, however, on this part very favourable for its transit.

5. The railway has not yet reached the St. George's Bay area, but it will probably do so this year; but when it does, it will keep within reasonable proximity of the area, and its course may be deflected so as to come still nearer to it. But there will be under any circumstances not less than 35 miles of railway carriage for the coal before it can be shipped at Port au Basque.

6. For any continuous shipment of coal all the year round Port au Basque will have to be used, as it is free from ice all the year round.

7. It is believed, after local tests, that the Newfoundland is a stronger and better coal than the Sydney coal, with which in the market it will have to compete, but as the latter coal is run straight from the mine into the ship, the former will be heavily handicapped by the cost of the railway carriage, unless mining labour can be obtained more cheaply in Newfoundland than in Sydney. It therefore remains a question whether Newfoundland coal—plentiful as it may be—can compete with the Sydney coal even for the supply of the wants of the Colony.

8. It is very desirable that this question should be tested at as early a date as possible. Mr. Reid, the railway contractor, has tendered to work a certain portion of the Grand Lake area, but no terms have as yet been agreed upon between him and the Government. I hope, however, that one will shortly be arrived at so as to enable Mr. Reid to commence working in the spring. This would give additional employment in the Colony, besides that which will be afforded next year, and during part of 1897, in the construction of the railroad.

9. As Mr. Reid is bound under his contract to operate the line for ten years after its completion, he has, as it seems to me, the practical control of the conditions under which the coal can be worked, as he can regulate the rate at which coal can be carried on the line by any competitor during the period of his contract.

10. Specimens of the coal appear to have been analysed in 1892 by Mr. Fitton, a mining engineer in England; see page 53 of the pamphlet\* on the mineral resources of the island by Mr. Howley, which I enclose.

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\* "The Mineral Resources of Newfoundland." By James P. Howley, F.G.S., 1892.