

**REPORT OF COMMISSIONER ON INQUIRY INTO CAUSES OF LACK  
OF CAPACITY COAL PRODUCTION IN MINTO-  
CHIPMAN DISTRICT, N.B.**

**T**HE Honourable Mr. Justice M. B. Archibald, of the Supreme Court of Nova Scotia, Halifax, N.S., who was appointed a Commissioner under the provisions of the Inquiries Act on February 24, 1941, to inquire into the causes of the lack of capacity production in the coal mines in Minto-Chipman district of the Province of New Brunswick, has submitted his findings and recommendations to the Minister of Labour.

The text of the Commissioner's report is printed below.

**Report of Commissioner**

The Honourable

**NORMAN MCLARTY, K.C., M.P.,**

Minister of Labour,

Ottawa.

*Re Minto Coal Mines*

Sir,

I have the honour to submit the following report with reference to inquiry made by me respecting the question of capacity production of the coal mines in the Minto-Chipman area, Province of New Brunswick.

By Order in Council, dated the 24th day of February, 1941, the undersigned was commissioned to inquire into "the causes of the lack of capacity production in the coal mines in the Minto-Chipman District of the Province of New Brunswick, and to make such recommendations as in his opinion may serve to bring the coal mines in the district into full production and maintain such production for the duration of the war".

Pursuant to this Order in Council I proceeded to Fredericton on the 5th day of March, and on the 6th, 7th, 8th and 9th days of that month conferred there with the Hon. J. B. McNair, Premier of the Province of New Brunswick, Hon. F. W. Pirie, Minister of Mines, New Brunswick, the Deputy Minister of Mines and other officials of the Department

of Mines; with Mr. Pettigrove, Conciliation Commissioner for that Province, and with the Deputy Provincial Treasurer. On March 10 I proceeded to Minto. During the afternoon and evening of that date I met and conferred with officers and committees of the Local of the United Mine Workers of America. On the following day I conferred with a large number of coal mining operators at a meeting called for that purpose and had a general discussion with them respecting the problem of increasing the production of coal in that area. The following day I met with executive committee of the Miramichi Mine Workers Union, and the Rothwell Mine Workers Union.

While in Minto, notwithstanding weather and snow difficulties, I visited several of the mines, conferred with mine officials, clergymen, municipal authorities, the officer in charge of the local detachment of the Royal Canadian Mounted Police, and others.

I also had an opportunity to observe the housing and other conditions in the area. Owing to snow conditions on the highways I was unable to visit the Chipman district, although coal operators from that district met with me at Minto at the meeting above referred to. At that time, owing to difficulties under which the mines operated because of weather and other conditions, I indicated to employees and employers that I would return in April to Fredericton and inquire further into the mining operations in the district when returns for the first three months of 1941 would be complete.

I accordingly returned to Fredericton on April 14. By reason of the conflicting views of the operators as expressed to me in my conversations with them and by reason of the conflict in the information given me and that expressed in various communications to governmental authorities, I deemed it necessary and advisable to take evidence under

oath and obtain a complete transcript of the evidence so taken. On the 31st day of March, 1941, I was authorized to secure the services of Mr. P. J. Hughes of Fredericton, N.B., to assist in conducting the inquiry.

The formal sessions of the inquiry opened in the corporations committee room in the legislative building, Fredericton, on the 15th day of April, 1941, and continued on the 16th, 17th, 18th, 19th, 22nd and 23rd days of that month. Twenty-four witnesses gave evidence, including nine operators and eight employees, the fuel purchasing agents of the Canadian National Railways and Canadian Pacific Railway Company, the assistant secretary of the Dominion Fuel Board, the officer in charge of the Royal Canadian Mounted Police at Minto, the provincial geologist for the Province of New Brunswick, and the deputy mining inspector for that province residing at Minto. I also met, at Saint John, N.B., on April 21, Mr. James A. Whitebone, President of the New Brunswick Federation of Labour, and discussed with him labour organization and other conditions in the Minto-Chipman area. On April 25 I conferred at Montreal with Mr. R. C. Vaughan, general purchasing agent of the Canadian National Railways, and Mr. Alan Rogers, the manager at Montreal of the Montreal Weaver Coal Company, Ltd. I also conferred with Mr. D. W. Morrison, president of District No. 26, United Mine Workers of America, and with Mr. Silby Barrett, International Board Member of that organization.

The Minto-Chipman area is the most important coal mining field in the Province of New Brunswick. In fact, it is the only coal mining field in that province in which to date it has been established that commercial production of coal is practicable. It comprises an area of approximately 400 square miles. The town of Minto is located near the centre of the area, and the bulk of the coal mining is carried on in two districts about equidistant from the town. These districts are North Minto and South Minto. At the southern portion of the area is the Chipman district. In this district (Chipman) considerable quantities of coal are obtained by stripping methods: that is, by the use of steam shovels and drag lines. Small quantities of coal are also obtained in the Chipman district by shaft mining.

#### Quantity, Quality and Accessibility

The Department of Mines and Natural Resources and the Dominion Fuel Board have complete information on their files and reports respecting the quantity, accessibility and quality of the coal in the Minto-Chipman area. Without attempting to examine in detail this information, I think it useful to observe:—

First, as to quantity: it is sufficient for me to state that the total coal estimated as

available in the area is limited. The reports on file with the Dominion Fuel Board indicate that there is estimated to be in the entire area approximately 200 million tons. Dr. W. J. Wright, the provincial geologist for the Province of New Brunswick, who has carried on an investigation during the past few years as to the coal resources of the province, however, is of opinion that the total quantity of coal available in the area would be approximately 65 million tons.

My information and discussion with officials of the Department of Mines in New Brunswick, as well as with coal mine operators in the area, lead me to believe that of this estimated 65 million tons a large proportion cannot be mined to commercial advantage. Speaking generally, the coal is to be found in seams ranging from 16 to 24 inches in thickness, and located near to the surface of the ground, the deepest mine in the area being about 150 feet below the surface, while many of the shafts and slopes are less than 75 feet below the surface. There are moreover locations throughout the area, particularly near Chipman, where the coal "out-crops" and is so near the surface that it may be obtained by stripping methods.

Next, as to the accessibility of the coal in this area: as already stated, the coal is mined with comparative ease by reason of its nearness to the surface of the ground. It should be observed, however, that the thinness of the seams does render the mining of the coal difficult and that operations are expensive because the mines are rapidly worked out, and these handicaps in large measure offset the advantages enjoyed by the nearness of the coal to the surface.

The town of Minto is located on the Canadian Pacific Railway, a distance of about thirty miles in a general south-easterly direction from Fredericton. All the mines in the South Minto portion of the area are located either on or near the Canadian Pacific Railway. In North Minto, where the largest single mining operation is conducted, there is a spur line seven miles in length, owned by the Canadian National Railways, to the Trans-Continental line of the Canadian National system at Hardwood Ridge.

Next as to the quality of the coal: I was much assisted by the information on the files of the Dominion Fuel Board. Mr. J. R. Cox, assistant secretary of the Board, attended several sessions of the inquiry at Fredericton and gave evidence to the commissioner there. His evidence indicates that the coal is not of high grade quality. The representatives of the Canadian National Railways and the Canadian Pacific Railway Company present at the inquiry, as well as operators in the area itself, are in agreement on this point. The analyses indicate that the coal is high in moisture, sulphur and ash; and while it is

high in heating units, it is very friable, and in the operations of the mines relatively large quantities of slack coal are produced to the quantities of screened and lump coal obtained. By reason of this friability and by reason of the high sulphur content, the coal does not lend itself to safe, convenient and economical stocking. The fact that the coal cannot be stocked or banked successfully or at reasonable cost is a great handicap in the operation of the mines and in the marketing of the coal, because it deprives the operators of the advantages in building up reserves of stocked coal during slack seasons, and it also affects the marketing of the coal, because customers cannot build up reserves of coal from this area to tide them over periods when it may be difficult to secure fuel. I am convinced, however, that the quality of the coal could be greatly improved by cleaning and washing processes.

**Coal Production in the Area**

It is useful to examine the records respecting the production of coal from the Minto-Chipman area since 1910, as furnished to me by Mr. W. E. McMullen, mining inspector for the Province of New Brunswick.

This information appears in Exhibit 40, and need not be repeated in detail in this report. The record shows that the total production of coal in this area for the year 1910 was 47,072 long tons. In 1920 it was 135,297 long tons; in 1930 it was 180,120 long tons, and in 1940 it was 473,633 long tons.

The production for each of the years 1935 to 1940 inclusive is as follows:—

1935.....	301,685
1936.....	310,704
1937.....	356,416
1938.....	259,275
1939.....	414,386
1940.....	473,633

It should be noted that the year referred to in the provincial records is the *fiscal year* for the province, that is, for the period from November 1 of one year to October 31 of the following year. The tonnage in each case is expressed in long tons of 2,240 pounds each. The returns from the Dominion Bureau of Statistics, Ottawa, furnished me are for *Calendar years*. For example, the report of the Dominion Bureau of Statistics shows that during the period January 1, 1940, to December 31, 1940, there were mined in the Province of New Brunswick a total of 486,149 long tons (this would be equivalent to 544,487 short tons). These statistics indicate that over the period 1910 to 1940 there has been a substantial increase in the annual production of coal in this area and a very striking increase during the years 1939 and 1940.

On page 60 of the annual report of the Department of Lands and Mines for the province of New Brunswick for 1940 is given a table which shows the annual production in long tons for each operator for the years 1939 and 1940. The table also indicates the percentage of the whole amount of coal produced at Minto in 1940. I herewith reproduce this information as stated in the report:—

**Quantities and Comparative Percentages of Coal Produced by Various Operators**

Operator	Tons of 2,240 lbs. mined in 1940	Tons of 2,240 lbs. mined in 1939	Percentage of whole amount of coal produced at Minto, 1940
Minto Coal Co., Ltd.	115,857	113,417	24.47
Miramichi Lumber Co., Ltd.	82,094	63,247	17.33
Avon Coal Co., Ltd.	43,110	42,536	9.11
Rothwell Coal Co., Ltd.	38,555	28,212	8.14
Welton & Henderson, Ltd.	36,956	51,976	7.80
H. Welton, J. Henderson & G. H. King	20,382	23,351	4.30
A. D. Taylor	27,556	22,445	5.82
W. B. Wisely	25,084		5.30
Pennlyn Coal Co., Ltd.	24,386	575	5.15
G. H. King	20,156	20,496	4.26
Harvey Welton, Ltd.	8,698	7,758	1.84
George H. Myles	7,930		1.67
Clarence Yeamans	6,076	3,303	1.28
H. P. Thurrott	5,308	2,674	1.12
Hugh McMann	3,002	1,510	0.63
T. H. Swift	2,473		0.52
McDougall Bros.	2,028	2,775	0.43
Midland Coal Co., Ltd.	1,163		0.25
Harry Flower	710		0.15
G. S. Mowatt	524	981	0.11
William Fearn	337		0.07
J. W. Carter	329		0.07
Samuel Copeland	206	2,010	0.04
Stanley Butler	172	344	0.04
Wm. Glencross	161		0.03
Kingscroft Coal Co., Ltd.	127	1,459	0.02
Joseph Libby	102		0.02
Bertram Fearon	80		0.02
H. H. Girvan	65		0.01
Miscellaneous	25,317		
<b>Totals</b>	<b>473,633</b>	<b>414,386</b>	<b>100.00</b>

It will be observed by examination of the above statement that five of the operators, namely, Minto Coal Company, Ltd., Miramichi Lumber Company, Ltd., Avon Coal Company, Ltd., W. Benton Evans, who operates leases held by Rothwell Coal Company, Ltd., and Welton & Henderson, Ltd., produced 66.85 per cent or more than two-thirds of all the coal produced in the area. The report indicates that these five operators employ over 70 per cent of all persons in the area engaged in the mining of coal. It should be observed also that the coal produced by Welton, Henderson & King, by W. B. Wisely, Pennlyn Coal Company, Ltd., and by George H. Myles is coal obtained in stripping operations, that is, by the use of steam shovel or drag line.

#### Situation in Largest Mines

While in the course of my formal inquiry, as well as in the hearing of the evidence, I secured information from and respecting the small operators as well as the larger, the stripping operations as well as shaft mining, I directed in large measure my attention and examination to the operations, conditions, and problems of the five largest operators, namely, the Minto Coal Company, Limited, the Miramichi Lumber Company, Ltd., the Avon Coal Company, Ltd., Welton & Henderson, Ltd., and W. Benton Evans, because it is apparent that inquiry into their operations will in large measure furnish adequate information respecting shaft mining operations in the entire area.

The Minto Coal Company, Ltd., is the largest operator in the Minto-Chipman area. It has areas under lease of about 32 square miles. Its main operations are conducted in North Minto. The company was represented before me by Mr. A. D. King, who has been its manager since 1923. The capital stock of the company, amounting to \$400,000 is held by the estate of the late Sir Thomas Tait of Montreal and by the Bank of Nova Scotia in trust for the estate of the late D. Lorne McGibbon of Montreal in the proportions of 51 per cent and 49 per cent respectively. At the present time the company conducts four mining operations, and of these the largest is the slope at North Minto. This company possesses distinct advantages over the other operators in the area because on the North Minto areas are to be found the thickest seams of coal in the district. The upper seams range in thickness from 13 inches to 22 inches. Beneath this seam of coal is a belt of fireclay of about six inches in thickness, and beneath the fireclay is another seam of coal six inches thick. By reason of the thickness of the seam in this area a larger production of coal per man per day can be

obtained from this mine than from other mines in the district. The nature of the seams is such also that longwall mining machinery can be used to advantage. Working conditions in this company's North Minto mines are favourable. The mines are reasonably free from water. There is no trouble from gas. Timbering requirements are not unduly heavy. The seam is sufficiently far from the surface to make roof conditions good and yet not so deep as to add unduly to the cost of getting the coal to the surface. However, the large shaft at present in operation there has been almost worked out. From the foot of the shaft to the extreme limit of the workings the levels now extend a distance of nearly one mile, and the company cannot economically operate this mine for a much greater distance. The company is opening another mine and when it gets into production the coal should be much increased; in fact, one of the great difficulties under which this company operates at the present time is that the present operations exceed the capacity of the equipment installed. Breakages of machinery are frequent resulting in stoppages in production and these have occasioned much dissatisfaction among the employees. It is believed that in the North Minto area considerable quantities of coal may be obtained by stripping methods. The company proposes to add stripping operations to its 1941 program. The great advantage, however, enjoyed by this company is in its comparatively low cost of transportation. Located as it is on the Canadian National Railways spur line it is able to deliver its coal on the main line of the Canadian National Railways at a cost of nearly 30 cents per ton less than the similar transportation cost to operators in the South Minto area, and who ship the bulk of their coal over the Canadian National Railways lines. The Minto Coal Company, Ltd., also carries on mining operations to a lesser extent in South Minto at or near the Canadian Pacific Railway lines and is enabled by virtue of the South Minto operations to supply customers who normally require their coal to be shipped via Canadian Pacific Railway.

The average number of employees of the company for the year 1940 was 398. The company, which is the oldest in the Minto area, has had a prosperous career, and has been able to pay large dividends to its shareholders, as well as to build up adequate reserves.

The Miramichi Lumber Company, Ltd., has six square miles under lease and until this year operated on areas held by it in or near North Minto and adjoining mining areas of the Minto Coal Company, Ltd. This mine,

however, has been worked out, and the company has been obliged to move to areas held by it in South Minto. The company is a subsidiary of the International Paper Company, Ltd., and disposes of large quantities of its coal to the paper mill operated by that company at Dalhousie, N.B. In 1940 the company employed on an average 260 men, about 30 to 40 of whom are members of the Miramichi Local No. 1. The operations of this company in recent years do not appear to have been profitable.

The Avon Coal Company, Ltd., a subsidiary of the Nashwank Pulp & Paper Company, Ltd., has been operating in the Minto area since 1917 and at the present time holds under lease mining areas of fifteen square miles, and employs at the present time 194 men. All the coal produced by it is from the South Minto area. Mining conditions there are difficult and for some time past the company has been operating at a loss. The manager of the company resides in Saint John and has an assistant manager at Minto. The company has an enterprising and aggressive sales program and disposes of about 20,000 tons per annum to the St. Croix Pulp & Paper Co., in Maine.

The Rothwell Coal Company, Ltd., has under lease areas largely in the South Minto area. This company does not operate the mines itself, but Mr. W. Benton Evans, a shareholder operates the mines on the company's area on a royalty basis, that is, in addition to paying the royalty per ton to the province for the coal mined, he pays a further royalty to the company for the same coal. Mr. Evans has been operating in this manner since 1921. He does not use longwall machinery in the operation of his mine. The coal is obtained entirely by the hand pick method. He employs from 125 to 160 men, who are 100 per cent Canadian born, and who have a labour organization of their own known as Rothwell Miners Union No. 2. All employees of Mr. Evans are members of this Union, and Mr. Evans makes provision for check-off for the members' dues. Working conditions in his mines are good, and he has a capable and loyal group of employees. His operations since 1935, however, show a financial loss.

Welton & Henderson, Ltd., is the only one of the large producers which in 1940 produced less coal than in 1939. This decrease, however, Mr. Henderson, the manager, explains, was due to the fact he had to open a new mine in territory two or three miles away from his old operation in an area which bordered on an area of the Minto Coal Company, Ltd. Mr. Henderson anticipates the company's production in 1941 will be much higher than in 1940. The capital stock

of the company is held by John Anderson and by the estate of the late Harvey Welton. This company utilizes the longwall mining machinery, and employs on an average about 125 men who are all members of the United Mine Workers of America. This organization is recognized by the company and a working agreement has been signed and check-off provided. Relations between the management and employees in this company seem to be very good.

Confining my observations to the operations of these companies, who are referred to in Minto as the Big Five, I wish to state, first, that my inquiries and the evidence convinced me that the mining of coal as at present carried on there is uneconomical, because there is too much duplication of effort and of services and much too little co-operation among the operators, and co-ordination of their efforts. In fact, with the exception of the matter of sales of coal to the Canadian National Railways and the Canadian Pacific Railway Company and the New Brunswick Power Commission, which sales are conducted by means of a selling agency common to four of the large operators, co-operation of the operators in this area is conspicuous by its absence. Cut-throat competition in the matter of prices in past years apparently was common but at the present time prices of coal produced in the area seem to be fairly well standardized, though I am satisfied that some competition in this respect still prevails.

#### Duplication of Services

I am convinced that the operators regard each other with much suspicion and distrust. At one time an association of coal mine operators was in existence, but that association no longer functions. Each of these representatives when appearing before me and when discussing the problems of operations of their respective companies in the absence of other operators indicated his conviction that there was great duplication of effort and service at Minto, and that there was an utter lack of co-operation; that to date no united effort had been made to popularize and promote the use and sale of New Brunswick coal; that no effort had been made to establish and install a common washing and cleaning plant or other facilities which would improve the quality of the coal and enhance the price which would be received for it; that no common scheme or effort had received their attention respecting the organization of their employees for collective bargaining and the improvement of housing and working conditions for their employees.

Each of the operators admitted that amalgamation of the companies would be most desirable, but each one felt that the company

he represented should be the one to absorb the others, rather than that it should be one of those absorbed in a scheme of unification which would bring all the operators together.

As an illustration of the duplication of services and effort which now exists among the operators in this area it should be noted that the five companies already referred to have administrative systems involving general managers (assistant managers in some cases), accounting officials, paymasters, and mining engineering services. Each of the operators admits that one, or at most two, such services would be adequate for the needs of the entire coal mining operations in the area.

Two of the results apparent by reason of these duplications of administrative service are—

- (a) that the salary costs for managerial, accounting and paymaster services are excessive having regard to the size of the operation;
- (b) that the engineering services in the area suffer because the effort to reduce engineering costs to each operator has had the result that there is not sufficient engineering service of either the quality or quantity required in the area.

I am satisfied also that the lack of co-operation and co-ordination has resulted in many instances in expensive mining, not only because of excessive administrative costs and duplication in the use and purchase of mining equipment, but by reason also of the opening of shafts and slopes in locations where the working conditions are difficult and unsatisfactory. I think this is one of the most unsatisfactory features respecting the operations in the Minto area. It was impressed on me both during my visit to Minto and in the course of the formal inquiry at Frederickton. The evidence indicates that in at least two instances profitable mining operations had to be abandoned because the workings were encroaching on another operator's property at places not near the latter's operations and at locations where the opening of a new mine was not contemplated.

Finally, and I think of great significance, the lack of co-operation among the operators has in my opinion an adverse, and seriously adverse, effect on the relations between employer and employee in the whole area.

Several of the smaller operators either conferred with me at Minto or gave evidence at the formal inquiry at Frederickton.

I do not propose to discuss in detail their operations other than to indicate the two larger and more important operators in the Chipman area, viz:—

(1) Mr. G. H. King, who conducts there a shaft operation and employs about 75 men.

The seam of coal is very thin and he has been compelled to abandon the use of long-wall machinery and at the present time conducts a "hand pick" operation only. This shaft operation has not been a profitable one. Mr. King is also in partnership with Messrs. Welton, Henderson and King and has charge of a large stripping operation conducted by that firm on areas under lease to Welton & Henderson.

(2) Mr. W. B. Wisely, who conducts a large stripping operation in addition to a small shaft mine.

#### Stripping Coal in Minto-Chipman Area

The evidence shows that stripping operations are conducted by the following operators, namely: Welton, Henderson & King; Mr. W. B. Wisely; Mr. J. G. MacDougall, who operates a lease held by MacDougall Bros.; Mr. George H. Miles; The Pennlyn Coal Company, Ltd.

Stripping operations are conducted where the coal out-crops or is very near the surface. The method employed is to remove the over-burden of earth and rock by the use of a steam shovel or drag line. Where the depth of the over-burden does not exceed twenty feet this method of gaining coal can apparently be used in the Minto-Chipman area to advantage. Indeed, some of the operators have adopted this method where the over-burden is 25 or 30 feet deep. The coal obtained is substantially of the same quality as that obtained by shaft mining, except that the percentage of moisture is higher in much of it. Messrs. Welton, Henderson & King have installed at Chipman a drier through which stripping coal passes, and they have succeeded in greatly improving the quality of the coal by means of this process. Experience has demonstrated that successful stripping operations must be carried on in the spring, summer and autumn seasons; the heavy frosts of winter impose difficulties in the operation which rarely permit a successful operation. The stripping operation is not a complicated one and does not require skilled labour excepting as to those who operate the machines. Coal obtained by stripping is very friable, therefore the percentage of slack is very high. It should be observed also that the coal obtained by stripping commands a lower price on the markets than shaft-mined coal. However, the operators in the Minto-Chipman who produce it have been able to secure substantial markets for it, and by reason of low production costs, stripping operations have on the whole been profitable. It is worthy of note also that two of the larger stripping coal operators, namely, Mr. W. B. Wisely and Welton, Henderson & King, have succeeded

in marketing profitably large quantities for consumption by industrial plants in the Province of Quebec.

**Markets**

The bulk of the coal produced in the Minto-Chipman area by the larger operators is disposed of to the Canadian National Railways and the Canadian Pacific Railway Company, the New Brunswick Power Commission, Frasers, Limited, at Edmundston, and the mill of the International Paper Company, Ltd., at Dalhousie, N.B. It should be mentioned also that the Avon Coal Company, Ltd., disposes of a large tonnage (about 30,000 tons annually) to the St. Croix Pulp Company in Maine, U.S.A.

The Minto Coal Company, Ltd., the Miramichi Lumber Company, Ltd., the Avon Coal Company, Ltd., and Mr. W. Benton Evans, employ the Weaver Coal Company, Ltd., of Montreal, as a sales agent to sell coal to the two railways and to the New Brunswick Power Commission. This company receives a commission at the rate of five cents per ton from the above named operators for the coal sold by it for them. All four operators profess themselves as pleased with the efforts made on their behalf by this company. The employment of this selling agency by these four large operators has eliminated much of the price cutting practices which formerly existed, because the price paid by the Canadian National Railways for coal to these four operators largely governs the prices received for all coal sold from the area.

The largest single customer for coal from the area is the Canadian National Railways. In fact, since 1933 one-third of the total amount of coal produced in the area has been sold to this customer. The coal so sold to the Canadian National Railways is all screened coal and is used satisfactorily in its locomotives operating in the Province of New Brunswick with the exception of those employed in the express service, and the experience of the railway has been that Minto coal is not sufficiently high in quality for that service.

Mr. S. C. Welby, of Montreal, General Fuel Agent for the Canadian National Railways, attended the inquiry and gave evidence at the open session, and all operators had an opportunity to be present to hear and question him. Mr. Welby is entitled to great credit for the frank and convincing manner in which he gave his evidence. When I met the operators informally at Minto there seemed to be a general disposition on the part of the operators to complain that the Canadian National Railways was obtaining coal from them at a lower price than that paid for coal of a comparable quality from other parts of

Canada, and that its policy in dealing with them worked to the advantage of the Nova Scotia coal mine operators. His evidence cleared the air. His convincing information as to the quality of New Brunswick coal for the railway services, as to the desire and the hope of the railway to purchase New Brunswick coal to the full extent to which it may be used by the railway in New Brunswick, and as to the willingness of the railway to meet the operators' request for more uniform requirements for each month of the year, and the information furnished by him indicating that the New Brunswick coal mine operators were receiving as much, if not more, than the coal mine operators of Nova Scotia for the coal supplied by them to the railway, having regard to its quality, must have disabused the minds of all operators that there was discrimination against New Brunswick coal. The record of purchases of coal from the Minto area since 1923 is as follows:—

Total Deliveries Bituminous Coal from Minto District		Tons
Year		
1923	.....	42,328
1924	.....	65,014
1925	.....	83,951
1926	.....	66,838
1927	.....	89,741
1928	.....	89,363
1929	.....	95,490
1930	.....	92,431
1931	.....	73,351
1932	.....	93,981
1933	.....	122,602
1934	.....	112,651
1935	.....	136,623
1936	.....	130,538
1937	.....	116,767
1938	.....	106,335
1939	.....	145,083
1940	.....	162,864
1941 (estimated)	.....	200,000

It will be noted from this exhibit that the sales of coal to this railway have largely increased in 1940, and it is hoped that 1941 will show a still larger increase.

The estimated requirements of the railway for the year 1941 by months are as follows:—

Estimated Requirements Minto Coal, 1941	
January	12,000
February	14,600
March	17,000
April	17,000
May	17,000
June	17,000
July	17,000
August	17,000
September	18,000
October	18,000
November	18,000
December	18,000
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	200,000

Mr. Welby gave evidence as to the monthly shipments from this area against orders for

the period September 1, 1940, to March 31, 1941. This information appears in Exhibit No. 3. (Since the hearing Mr. Welby has furnished me with a statement showing the same information for the months of April, May and June, 1941, a copy of which I have attached to Exhibit No. 3, and identified as 3A).

Heretofore it was the practice of this railway to require large quantities of coal during the winter months, and a greatly diminished quantity during the summer months. This method of purchasing created difficulties for the operators, because it resulted in an unbalanced production throughout the year, namely, heavy production in winter, and light production in summer. This year, however, the railway has undertaken to accept definite and more nearly uniform quantities each month throughout the year, and this system of purchasing should be of great assistance to the operator. The operators seemed impressed with the importance at this critical time of making prompt and full delivery of all coal ordered by the railway, and all expressed themselves as confident of their ability to meet the demands on them. The record of deliveries, however, indicates that, with the exception of W. Benton Evans and G. H. King, the operators have been unable to fill the orders from the railway.

Mr. Welby also stated that the prices per ton paid by the Canadian National Railways for Minto coal (screened) since January, 1926, were as follows:—

January, February and March, 1926.....	\$1.50 per ton, F.O.B., C.N.R. trucks
April 1, 1926, to March 31, 1930.....	4.90 " " " "
April 1, 1930, to March 31, 1932.....	4.80 " " " "
April 1, 1932, to December 31, 1932.....	4.05 " " " "
January 1, 1933, to December 31, 1939.....	4.00 " " " "
January 1, 1940, to January 14, 1940.....	4.05 " " " "
January 15, 1940, to date.....	4.30 " " " "

He stated further that in 1932, when the price was so greatly reduced, the railway agreed to increase its purchases of Minto coal, and that the charges for switching by the railways operating in the Minto area were reduced from 60 cents per ton to 30 cents per ton.

The Canadian Pacific Railway Company is another large customer of coal from this area. During the year 1938 it purchased a total of 41,519 tons; in the year 1939, a total of 40,568 tons; and during 1940, a total of 41,278 tons, and during the first quarter of 1941, a total of 13,190 tons. These purchases are distributed among ten operators and the coal purchased is both slack and run of mine, and is used by this railway both in its shops and locomotives. The prices paid are as follows: for screened coal, F.O.B. mines, \$4.15 per ton; for run of mine and slack coal, F.O.B. mines, \$3.90 per ton. This railway has not undertaken to purchase from the operators fur-

nishing it with coal definite quantities of coal each month throughout the year, but orders the coal as it may be required.

In connection with the purchase of coal by the two railways I am of opinion that better results would be obtained, first, as to coal purchased by the Canadian National Railways, if (a) it used Minto coal in its shops as well as in its locomotives. It must be obvious that if the Minto coal mine operators are to produce more screened coal for the use of its locomotives in the Province of New Brunswick a market must be found for the larger quantities of slack coal which will be available. (b) That it should, if it is desirous of increasing its consumption of coal from this area, make a greater effort to obtain quantities of coal from the smaller operators who complained to me that they are unable to sell coal direct to the railway companies unless through the larger operators who buy their coal and resell it to the Canadian National Railways at a profit.

Second, as to the Canadian Pacific Railway Company, it could and should increase its consumption of coal from the Minto-Chipman area. The present consumption of 40,000 tons per year seems to be a small proportion for that area of all the coal consumed by the Canadian Pacific Railway in the Province of New Brunswick.

Third, as to both railways, it seems to me that the switching charge of 30 cents per ton is higher than justified. The representatives

of the railway did not furnish me with any logical explanation as to why the switching charge was placed at 30 cents per ton, other than to say that it was in line with switching charges existing in other areas in which both railways operated. It was significant that in 1932 the switching charge of 60 cents per ton was reduced to 30 cents per ton when there was a prospect of the tonnage over the railways being increased. At the present time the tonnage from the area has increased very largely above that contemplated in 1932 and I think both railways should materially reduce the charge from 30 cents per ton. In addition to the customers I have already mentioned, quantities of the coal produced in this area are sold to local purchasers in the Province of New Brunswick. The quantities of New Brunswick coal moving into subvention areas are small, and the evidence of Mr. Welby and Mr. Cox made it clear that the operators in the Minto-Chipman area received their fair



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are of subvention assistance having regard to the comparatively small quantity moved on this field into areas to which subvention assistance applies.

It was apperent also that the operators have not taken advantage of the opportunities which the local market for the Province of New Brunswick should afford for coal from this area. There has been no concerted move by them to demonstrate to or popularize with potential customers in the Province of New Brunswick the qualities of the coal from the Minto-Chipman area; and no concerted effort has been made to increase materially its sales in that province.

### Labour Supply

Prior to the war there was for many years a surplus of labour available to the operators in this district. If there was any scarcity of labour in the area it was a simple matter to supplement it by bringing in men from nearby districts. The situation now has changed. The needs of the armed services and of war time industries and activities have created a situation where the supply of labour is now more limited. The records show that more men have been employed during the last two years than prior to the war. However, it was apparent to me that the point had been reached where it would be difficult to obtain more men. The low wages paid by the operators make it attractive for many active men to secure work elsewhere at this time when the opportunities for employment are great. Certain of the operators complain that they are losing many men by enlistment. Their complaints, however, were not borne out by the evidence which was furnished me. Of a total of 1,200 or 1,400 men employed in the industry since the war it appears that a very small number indeed of key men and experienced miners have joined the services. The mining population in the area is a mixed one and the information furnished me shows that about 20 per cent are foreign born, about 60 per cent are French Canadians, and that the remaining 20 per cent are English speaking, either Canadian born or British born.

Considerable complaint appears in correspondence with the Department respecting the degree of absenteeism by miners in Minto. Again, I fail to find that these complaints are justified by the evidence. In the winter months of 1941 there was considerable absenteeism owing to weather conditions and sickness. But having regard to the fact that the mines were operating six days a week on an eight hour day basis, and having regard to working conditions in these mines, there was pretty general agreement among both employers and employees that the degree of absenteeism was not abnormally high.

### Housing Conditions

The housing conditions in the area are poor indeed. A considerable proportion of the miners live in houses rented from the operators. Many of them own their own homes. It was brought to my attention that married men with families were living in small two-roomed shacks or camps, and that there was overcrowding in many of the four-roomed houses. These conditions of overcrowding are to be found in houses owned by individual miners as well as in those owned by the operators.

The water required for drinking and cooking purposes is obtained from wells, some of which are sealed and serve groups of families. Other wells are shallow, and it is surprising that the water has not been contaminated to a degree greater than that reported to me.

### Medical and Hospital Services

There are two doctors practising in the town of Minto, and the medical requirements of the district apparently are well attended to. Mining being a hazardous occupation has a high ratio of accidents, but operators and men agreed that, while there were many minor accidents, the number of serious and fatal accidents was relatively small. There are no hospital facilities at Minto, but there is a good hospital at Fredericton thirty miles distant, and during the greater part of the year the highways from Minto to Fredericton are in good condition. The population of the area is too small to support a hospital of its own, but it would appear that its hospital requirements are met by the facilities at Fredericton, although to my mind there should be ambulance service stationed at Minto. Operators and employees are agreed as to the desirability of such service, but to date no action has been taken to provide it. The larger operators have qualified first aid men among their employees. I think, however, that this service could be greatly extended and improved so as to meet not only the needs of those employed by the larger operators but by the smaller ones as well.

### Educational Facilities

Notwithstanding the fact that there are several schools, including a fine consolidated school at Minto—a school in which the citizens justly take great pride—there is need for additional school accommodation in the area. The standard of literacy is not high and school attendance is not good. Two explanations of these conditions furnished me were indifference of parents in certain cases, and overcrowding in the schools in others.

### Cost of Living

Living costs are high in Minto, much higher I was led to believe in Minto than in Fred-

erickton and other communities in New Brunswick comparatively a short distance away. It is difficult to understand why there should be this variation in living costs, but the fact remains that there was a very general complaint, not only from miners, but from other citizens whom I interviewed, that the cost of meat, fish, vegetables and groceries was much higher than in nearby communities.

The companies operating mines have stores in connection with their mining operations for a limited number of articles, such as explosives, mining tools, overalls, rubber boots, and some other articles of clothing. There was no indication in the evidence before me from either miners or operators that these stores were operated at a profit to the companies owning them.

### Organized Labour

With two exceptions, namely, in the mining operations conducted by Mr. W. Benton Evans and by Welton & Henderson, Ltd., the relationship between employers and employees in the Minto area is not a happy one, and it appears to be one of suspicion and distrust rather than loyalty and co-operation.

As early as 1921 the United Mine Workers of America endeavoured to organize the miners in the area, but discontinued their organization efforts. In the years 1937 and 1938 these efforts were renewed and a large number of the miners in the area joined that organization. At that time there was a strike in the district which continued for some months and the mines were closed with the exception of those operated by Mr. Evans. A Conciliation Board was established, which in its report did not recommend recognition of the United Mine Workers of America. During the strike the employees of Mr. W. Benton Evans and those of the Miramichi Lumber Company, Ltd., organized themselves into local unions known as Rothwell Mine Workers Union and Miramichi Mine Workers Union. Neither of these unions has now any affiliation with the Canadian Congress of Labour.

Rothwell Miners Union comprises all the employees working in the mines operated by Mr. Evans. They are 100% Canadian born and many of them have been in Mr. Evans' employ for many years and are loyal to him, and there is evident a spirit of real co-operation between employer and employee. This union is in receipt of check-off from him for membership dues, and is not affiliated with any provincial, national or international organization.

The Miramichi Miners Union No. 1, originally an organization of the employees of the Miramichi Lumber Company, Ltd., now comprises less than 20% of the employees of that company and can no longer be regarded as an effective labour organization for collective bargaining, etc.

The employees of Welton & Henderson, Ltd., are organized as a unit of the United Mine Workers of America. The management of the company recognizes the union and has a working agreement with it, a copy of which was furnished me, and is enclosed with this report. I found that the relationship existing between Welton & Henderson, Ltd., and its employees is good. Both employer and employees speak in glowing terms of the benefits that have accrued to each of them by reason of this relationship.

At the time of my visit to Minto and when the formal inquiry was in progress in Fredericton the management of both the Minto Coal Company, Ltd., and the Avon Coal Company, Ltd., expressed themselves as strongly opposed to recognition of the United Mine Workers of America, to which organization the majority of their employees either belonged or were sympathetic. It was very apparent that the absence of organization for collective bargaining and other purposes among the employees of these two companies was responsible for the suspicious and in many instances hostile attitude which they have adopted towards their employers.

After the formal hearings were closed the Manager of the Avon Coal Company, Ltd., saw me in Montreal and intimated that his company and the Minto Coal Company, Ltd., had in mind a scheme whereby the employees of the two companies would be organized. Since that time negotiations have been under way between Mr. Silby Barrett, International Board Member and Organizer for the United Mine Workers of America, and these two companies. Negotiations I understand have also been in progress between Barrett and other operators. An agreement has now been concluded between the Minto Coal Company, Ltd., and the United Mine Workers of America. This agreement became effective on the 12th of July 1941, and a copy of it was furnished to me by Mr. Barrett on the 19th July, 1941, and is enclosed with this report. Mr. Barrett is very hopeful that a similar contract will be executed between this organization and the Avon Coal Company, Ltd. The presence of organized labour recognized by the larger operators will, I am hopeful, do much to improve relations between employer and employee in the area.

### Wages

The employees who met me at Minto, as well as those who gave evidence at Fredericton, urged on me the necessity for an increase in their wages. In January, 1940, the wages throughout the area were increased by percentages ranging from 9 per cent to 11 per cent. The employees who appeared before me did not specify in detail the increases

which should be applied to the various mines and to the many groups operating in these various mines, but suggested a general wage increase of 15 per cent and afforded me no information as to why or how they arrived at this percentage, excepting that an increase in wages was necessary because of the sharp increase in the cost of living. The operators have indicated a willingness to increase the wages paid their employees provided the Canadian National Railways increases the price it will pay for their coal.

It is clear to me that the miners should receive a bonus by reason of the increased cost of living in this area since the war, and I am of opinion that the proper governmental officials should investigate living costs there and ascertain accurately the increase since September, 1939.

In so far as the question of increase of wages is concerned, my investigations convince me that, with mining operations conducted as they are at the present time, the Minto Coal Company, Ltd., is the only operator who can afford to increase the wages unless the prices received for coal are materially increased or transportation costs are lowered.

#### Governmental Supervision

Mines in the Province of New Brunswick are administered by the Department of Forests and Mines. Over a period of years the department has received substantial revenue from the mines which are operated on a royalty basis, the royalty paid by the operators to the department being at the rate of 10 cents per long ton. Mr. W. E. McMullen, Inspector of Mines and Mining Recorder, is responsible for the supervision of the mining operations. The present Deputy Mining Inspector, Mr. J. Vandebroek, resides at Minto, and is a man who has had practical experience as a miner for a few years in Nova Scotia and for several years in the Province of New Brunswick. His duties are to inspect the operations carried on by the several coal mine operators and to report to the Department the coal mined in each lease from month to month, and he acts as chairman of the board which issues mining certificates. I consider him a careful and conscientious official and the information I obtained indicates that there has been much improvement of working conditions in the mines since he assumed office. I am convinced, however, that he should have an assistant if all the duties at present required of him are to be properly performed.

The Province also employs a provincial geologist who, with his assistants, obtains information respecting the potential coal resources of the area and is also available to advise operators respecting the same.

It seems to me that, under the system which prevails, too large a number of small oper-

ations are being carried on, with the result that profitable operations, when carried on in conjunction with others, have been prejudiced by the operations of small operators here and there throughout the area. As long as the present system of conducting the operations by a large number of operators is continued it seems to me that there should be power in the Minister to compel one operator to permit an adjoining operator to mine the coal in the area covered by the latter's lease unless a good reason is shown that this coal is essential to his own operations in that area. I think, too, that the Department should exercise greater supervision over the matter of opening up new mines. In fact the Department could and should conduct detailed exploratory operations and place itself in a better position to advise and in many cases direct employers as to more suitable locations for opening the mines. If some such supervision had been exercised some of the more difficult and uneconomical mines would never have been opened.

#### Recommendations

In making recommendations with a view to obtaining capacity production of coal in the Minto-Chipman area I am restricted by the terms of the Order in Council authorizing this inquiry to make such recommendations which, if adopted, will in my opinion result in immediate increase in the production and maintain such production for the duration of the war.

If mining operations are to be continued by a large number of operators working independently of each other it is apparent to me that some of the mines in the area are now operating to near capacity. However, even under present conditions I am satisfied production will be increased if relations between employers and employees are improved, and if greater co-operation is established among the operators. In this connection it is worthy of note that Mr. Pettigrove, Conciliation Officer for the Province of New Brunswick, endeavoured in 1937 and 1938 to bring about a greater degree of co-operation among and co-ordination of effort and services by operators. His efforts were directed towards the proper goal and it was the fault of the operators, not his, that he succeeded in obtaining the degree of co-operation limited to the matter of sales only. The good work so well and ably commenced by him should in my opinion be continued.

The two major recommendations I have to make are these, namely:—

(1) The organization of the miners throughout the entire area should be continued and made as complete as possible, and in this organization the employees should have the encouragement of the operators. I am satisfied

that the miners if permitted to organize and enjoy the advantages of collective bargaining and agreements with respect to working conditions would co-operate with the operators in producing the maximum amount of coal that is possible under present conditions.

(2) That the operators co-operate to increase the production of coal in the area.

I have already suggested some of the results which have arisen from their lack of co-operation in this time of emergency. They have an opportunity in the co-ordination of their efforts and services to reduce production costs as well as to increase the tonnage of coal produced.

In order that the two recommendations I have made may be brought about more speedily I further recommend:—

(1) That the Canadian National Railways increase the price it is now paying for coal from \$4.30 per ton to \$4.40 per ton. It will be noted that the increased price suggested by me is considerably below the price paid for coal from this area by the railway prior to 1932. It must be remembered, however, that the production costs at this time are high; that the production of an increased quantity of screened coal for the railway means at the same time an increased production of slack coal, and that, with the exception of the Minto Coal Company, Ltd., the operators in this area will find difficulty under present conditions in finding money to pay the cost of living bonus hereafter referred to.

(2) That the Canadian National Railways assist the operators by purchasing, if possible, slack coal from the Minto area for use in their shops in New Brunswick.

(3) That both the Canadian National Railways and the Canadian Pacific Railway Company endeavour to reduce substantially the switching charges which are now in existence in the Minto-Chipman area.

(4) That the Canadian Pacific Railway Company increase its purchases of run of mine and slack coal.

(5) That the proper officials make an immediate survey of the increase in the cost of living in this area since the outbreak of war and that a cost-of-living-bonus be paid to the miners in accordance with the provisions of the Order in Council in that regard.

In addition to these recommendations there are conditions in the area which require attention and improvement and in this connection I recommend—

(a) That the Federal and Provincial authorities, in co-operation with the operators and municipal authorities, immediately endeavour to improve the housing and sanitary conditions in the area.

(b) That the Provincial Government and municipal authorities survey carefully the school accommodation requirements and make provision for additional accommodation where necessary and also enforce regular attendance at the schools by children of school age.

(c) That the operators, in co-operation with the Provincial Department of Health, establish an ambulance service at Minto which will be available to all operators in case of emergency.

(d) That the present Deputy Inspector of Mines in the district be given clerical or other assistance in order that he may be relieved of much of his routine duties in respect to royalty returns, and in order that he may be able to make more frequent inspection of the mines, safety conditions, ventilation, use of explosives, height of the levels, and working conditions generally. Careful inspection by him would result I am satisfied in an improvement of conditions complained of by the men, such as inadequate ventilation; use of wooden rails, instead of iron, in the wheeling roadways in some of the smaller mines; inadequate height of the levels; and delays resulting from the use of inadequate equipment.

(e) That the Department of Mines, through its Deputy Inspector and Provincial geologist, furnish to the operators more advice and development assistance when new mines are being opened.

In concluding this report I wish to acknowledge the assistance I at all times received from the Deputy Minister and other officials of your Department; from the Secretary of the Dominion Fuel Board; and particularly the great assistance afforded me at the formal inquiry by Mr. J. R. Cox, the assistant secretary of the Dominion Fuel Board; the premier and the Minister of Mines for the Province of New Brunswick, and his deputy and other officials of the government of the Province of New Brunswick.

I wish also to express my appreciation of the courtesy afforded me by the operators of the Minto coal mines and their employees.

I wish to record also my appreciation of the co-operation and assistance I received from Peter J. Hughes, K.C., who acted as counsel for the Commissioner during the formal hearing at Fredericton. I am indeed greatly indebted to him for the careful and skilful manner in which he conducted the examination of the witnesses.

Respectfully submitted,

(Signed) M. B. ARCHIBALD,  
Commissioner.

Dated at Halifax, N.S., this 25th day of July, 1941.