

Yukon Minerals Act

interested groups to appear before the committee in an endeavour to change the legislation if we see fit. I frankly admit that I spent a considerable amount of time on the bill. I believe some changes should be made to the legislation, and the place to make them is in committee rather than killing the bill at this time.

The minister has indicated that even with the new royalty rates that he announced and which will come into effect if this legislation passes, the Canadian government will receive less than \$1 million in revenue from all the mineral activity in the Yukon. This seems to me not an excessive amount of income for the Canadian people to expect from this mineral resource. It also seems that in view of federal expenditures on incentives in this area perhaps the royalty rates suggested in the bill are not too far out of line.

Another point I should like to make is that while this legislation applies to the Yukon in general, I feel similar legislation should apply to the whole of the Northwest Territories. I understand that this is one of the major objections causing upset in the Yukon. They feel, quite naturally, that if they are to have excessive royalty rates or royalty rates that are higher than those in surrounding areas, mining companies could well move into the neighbouring Northwest Territories and, as a result, a considerable amount of exploratory investment capital could be lost to the Yukon. I feel that the government should not hesitate to make certain that legislation similar to that which they envisage for the Yukon Territory in the form of this bill should apply to the Northwest Territories.

This bill replaces the Yukon Quartz Mining Act. I believe improvements have been made in various parts of the bill. However, any mining operation in our northern territories is difficult. Costs are always high and conditions, weather and so on, are certainly different from those found in most parts of Canada. I feel that in the committee we could improve the bill having heard the views of all groups affected by the legislation. I trust we will be able to amend those sections of the bill which the minister has indicated he is willing to have changed so long as those amendments do not kill the intent and purpose of the legislation.

My main criticism of the legislation is that once again the federal government has completely ignored Canada's policy in regard to the over-all development of our natural resources. There has been no adequate planning to determine our actual reserves or the demands of the Canadian nation in future years. I feel it is essential that something be done along these lines to ensure that the natural resources which belong to the Canadian people are not depleted to the point where the economy of the nation in years to come is affected. In this respect the federal government has had very little policy in the past and has given practically no direction in the over-all development of the north.

I suggest that one of the main purposes of developing our mineral resources in this area is to provide a base for economic development that would bring both prosperity and stability to northern areas. At present the larger part of the mineral wealth has been staked out by foreign

corporations which are using it to supply their foreign-based companies with raw materials. Very little attention has been paid either by these foreign corporations or by the present government to the basic development that is required for the people who live in these areas.

One interesting and important change made by this bill is the increase in royalties over those stipulated in the Yukon Quartz Mining Act. One important point on royalty rates must be stressed. As I mentioned earlier, this royalty scale applies only to the Yukon, whereas I feel it should also apply to the Northwest Territories. These royalties are based on a sliding scale, running from 9 per cent to 15 per cent. The mining companies, particularly the mining promoters, make the usual cry that the new royalty rates will break them. However, an examination of these royalty rates, when viewed in conjunction with the large number of exemptions which the mining companies are able to deduct from their gross profit, indicates there is no doubt that they are still receiving very generous treatment at the expense of the Canadian people. Any mine producing minerals to a value of under \$50,000 would pay no royalty. Under the present act the exemption is only \$10,000. When we talk about the value of the output we must not forget that it has nothing to do with the gross value of the minerals involved. This is one point that many speakers very carefully neglect to mention when talking about royalty rates and taxes.

● (3:40 p.m.)

The value of the output upon which the royalty scale is based is arrived at after a considerable number of deductions have been allowed. These deductions include, first costs wholly and necessarily incurred for the purpose of operating the mine and processing and marketing the output therefrom to the extent approved by the minister; second, the cost of any research carried on in Canada for the purpose of reducing production costs at the mine, or salvaging additional minerals therefrom to the extent approved by the minister; third, the cost of any exploration work conducted on lands in the territory held or owned by the mine operator, other than at the mine site, not deducted in calculating the value of the output of any other mine. This cost is not to exceed 10 per cent of the gross value of the output of the mine for that year. Fourth, the cost of work on shafts, excavations, drifts, trenches, borings and other mineral exploration and mining development on lands at the mine site; and fifth, for a mine operator who processes ore in the territory there may be deducted an amount equal to 8 per cent of the original cost to that mine operator of the machinery, equipment and buildings in the plant used for the processing of the ore. This amount is not to exceed in any year 65 per cent of the value of the output of the mine before making such deduction. There may also be deducted an annual rate, not exceeding 15 per cent and in the aggregate 100 per cent, of the total expenses incurred by the mine operator prior to the day on which production commenced at the mine in exploring and prospecting for and developing the mine.

When all these deductions, along with the three-year tax exemption on profits which is presently in force, and