

Income Tax Act

further responsible government reform in the Yukon, because we don't pay our way. We do not hear that kind of statistic, with respect to the contribution in taxes which that industry makes to the federal treasury, when the minister uses these arguments. The findings also show.

The major share of tax contributions was paid to the federal government, which received \$4,086 million in 1970, 22 per cent more than in 1969.

Employee income taxes withheld reached \$3,350 million in 1970, an increase of 39 per cent from 1969.

• (3:50 p.m.)

This is the kind of statistic which the Minister of Indian Affairs and Northern Development does not use when it suits his purpose. With respect to British Columbia, of course, the growth is the other way around because a lot of the exploration and development activity is being siphoned off into that province precisely because of the legislation and regulations introduced by the Minister of Indian Affairs and Northern Development.

Canada is not the only nation endowed with mineral resources. I have spoken of the mushrooming development of that industry in Australia and its close proximity to the markets of large users of raw mineral resources. If this bill is implemented international money will look elsewhere for investment opportunities and Canadians will suffer because of it. Regional and northern development in Canada will come to a halt as exploration ceases and as fewer companies are willing to explore in Canada. The dramatic drop in the number of exploration companies which have usually been active in the Yukon is a good example of the truth of this conclusion. Under the excessive tax burden proposed by this bill, Canada's mining industry will have to tighten its belt. If and when this happens, many Canadians will feel the pinch because the multiplier effect can be just as effective in a reverse sense.

The tax reform proposals affecting the mining industry must be modified to take into consideration some of the special characteristics of the mineral industries and their importance to the Canadian economy. A fruitful area for modification of this bill would be in broadening the base by which mining industries can benefit from earned depletion. As the reform proposals now stand, earned depletion can be used only for expenses such as machinery and mining equipment. Because many mining companies also have large expenses for infrastructure development at the mine site, the bill should take into consideration associated mining expenses other than machinery and equipment which could be used under the earned depletion proposal.

I have spoken briefly of the treatment accorded the two northern territories in this tax reform legislation. No more important area to occupy the concern of those responsible for considering the changes in this bill can be found than the mining industry. Both northern territories in the long run are going to depend for their economic base on a sound, developing mineral industry. I have not spoken of oil and gas at all, because there is no time—but a strong case can be made for the proposition that the Canadian government in its tax legislation and taxation approach is discriminating against the development of this industry

and greatly permitting its absorption by foreign control by its lack of vision in tax policies.

The Parliamentary Secretary to the Minister of Industry, Trade and Commerce is quite correct when he says that employment comes about by investment in Canadian industry. But it is no way to bring about employment in Canadian industry by saying to foreign investment capital, "You are not welcome". However, that is precisely what this government is doing. For a long time to come we are going to depend on investment capital from outside our boundaries in order to develop industries such as mining.

Before I conclude these remarks I should like to refer briefly to a statement made by the Minister of Indian Affairs and Northern Development with respect to employment in the Yukon, employment brought about, or not brought about, directly as a result of the policies, or lack of them, of this government. In response to a question which I put to him last week, the minister said that there was no unemployment in the Yukon; and the next day, of course, he had smuggled the word "almost" into *Hansard*, a word which he did not utter when answering my question.

An hon. Member: Shame!

Mr. Nielsen: For a minister who has travelled in the north to come back and tell the members of this House that there is no unemployment, or even almost no unemployment, in the Yukon or indeed in the Northwest Territories is misleading hon. members as to the true situation that exists. I should like the minister and the government to explain how these tax reform proposals can possibly help the hundreds of unemployed Indian and Eskimo people in the north.

The majority of the population of these two territories is simply not getting along at the poverty level. These people in fact earn so little, and are so far below the so-called poverty line compared with the national average, that it would be shocking to most Canadians to see the conditions under which they live. In my estimation, 70 per cent, 80 per cent or more of the natives are living in a state of permanent welfare handouts because of the failure of the government to institute policies, taxation and otherwise, which would integrate the indigenous populations of our northern territories into the economic fabric of the country.

Since the establishment of articulate and forceful voices for the native in Canada there is no reason why the government should not be following their recommendations. But instead they proceed on their merry, unilateral way controlled by one man, their dictator, who has control of this country. Any reference to the legitimate desires and aspirations of a people who have not only been invaded and whose territory has been inhabited by outsiders is completely ignored, and the people continue to live in a state of perpetual poverty.

In the limited time available to me I have tried to cover some of the problems that I think should be considered in these tax reform proposals. I have little hope that they will find fruition in actual amendments. But should they not, then the government, far from fulfilling the hopes of the Parliamentary Secretary to the Minister of Industry,