

able profits. This amounts to one-third of the profits in the case of all metal mines other than gold mines. Various industrial mineral mines operating on non-bedded deposits, and oil wells in Western Canada are now also allowed the 33 1/3 per cent depletion rate. In the case of gold mines the depletion rate was increased in 1947 to 40 per cent of the profits, or four dollars per ounce of gold produced in the taxation period. Whichever is greater may be deducted.

Another tax concession, originally introduced in 1936, is the three-year tax exempt period following the commencement of production of a new mine. This concession, which can also be applicable to a revised old mine, was in effect under the Income War Tax Act from 1936 to the end of 1942. During the years 1943 to 1946 inclusive, the exemption provision was applicable only to certain new mines under the Excess Profits Tax Act, but it was re-introduced in 1946 under the Income War Tax Act to apply to all mines operating on non-bedded deposits, which came into production between January, 1946, and December, 1949.

In addition to the two main tax benefits I have outlined, there are certain other tax concessions designed especially to induce exploration for minerals, oil, and natural gas. Mining and oil companies are now permitted, in calculating their taxes, to include as costs all expenditures made in connection with the exploration for minerals. Oil companies may also deduct from their taxes, expenses made on deep-test wells, in addition to including these expenses in their operating cost.

Most of you are doubtless acquainted with the main features of the Emergency Gold Mining Assistance Act and the regulations thereunder. It was designed primarily to assist the marginal gold producers, largely with the purpose in mind of maintaining the communities built up around these operations.

Up to, and including April 15, 1949, seventy-six gold mines had received payments under the Act. The total amount of assistance payable to these mines is roughly \$9,137,000., and of this, 80 per cent had been paid by April 15th. The remaining 20 per cent is a holdback to be paid after the books of the mines concerned have been audited by the Comptroller of the Treasury, and after certain inspections have been made by the Department of Mines and Resources.

The total production of these 76 mines amounts to 2,827,675 fine ounces of gold. The average assistance payable per ounce of gold up to and including April 15, 1949, is \$3.23.

Included in the 76 mines are 13 properties that are classified as "new mines" under the Act. They receive the rate of assistance on their total production during their first year of production instead of on the excess of production over two-thirds of the base year output.

Present indications are that total assistance payments under the Act for the calendar year 1948 will amount to over 10 million dollars.

In attempting to offset labour shortages at the mines the Government has a programme of admitting suitable Displaced Persons into Canada.