Fifth, the increase from 16 to 36 of the number of claims allowed to be grouped for the performance of representation work.

Sixth, the possibility of accepting as representation work any work other than material done at any time of the claim period.

Seventh, the possible authorization of representation work done on a claim after its staking out, but before its registration.

Eighth, the possibility for the Governor in Council to grant a lease of an initial duration of more than 21 years, if it is justified by special circumstances.

Ninth, the simplification of necessary formalities to obtain a mining lease.

Tenth, the possibility of deducting prospection and preliminary work expenses in calculating operating mines royalties, and also the possibility of receiving an allowance for the processing of the ores, as is already the case in some provinces as well as in the Northwest Territories.

In addition to the changes I have just mentioned, the text of the act was completely revised to take into account modern techniques of prospection and mining. The mention of firemen, horses and fodder, in the present act, is now obsolete and has been done away with in the new text. These changes are, on the whole, the result of a series of recommendations that were thrashed out, at meetings, by my associates and the representatives of the mining industry in the Yukon who made the proposals. The latter formed a joint commission to which participated the Chambers of Mines for the Yukon and British Columbia.

• (2:10 p.m.)

[*English*]

Another objective of the bill is to ensure a more realistic financial return to the Crown in exchange for minerals mined. It is proposed to increase the royalty rates applicable in the Yukon to a level comparable with those presently in force in some of the other provinces, such as Quebec. But they still will remain lower than in British Columbia or Ontario. While Quebec has a sliding scale similar to the one proposed for the Yukon, the Yukon rate would still be slightly lower than Quebec's, which imposes a 15 per cent royalty at the $4 million level as compared with the proposed Yukon maximum of 15 per cent on a net value of output of $5 million. The royalty rates proposed for the Yukon are lower, particularly with respect to small mines, than those levied in British Columbia, which are based on a flat rate of 15 per cent above $10,000, or Ontario's which are 15 per cent on everything over $50,000.

I should mention that most provinces have increased their royalty rates in recent years while the royalty rates in the Yukon have not been revised since 1928. The government has a responsibility to ensure that the people of Canada—including northerners—are paid at an economically sound rate for their nonrenewable resources. The government is very conscious of this responsibility and is fully determined to discharge it. Royalties in this instance ought not to be disproportionately below levels in other parts of Canada. The north is not the only place in Canada where mines operate in remote and isolated places and in difficult climates. British Columbia and Quebec, for example, have many mines which prosper under conditions no less difficult than those in the Yukon.

Under the existing royalty scale, returns to the public clearly are inadequate. Mining production in the Yukon in 1968 was $21 million. Royalties were only $45,000. In 1969 production had risen to $38 million and royalties paid by the six producing mines were still only $245,000. Even the new rates would still yield less than $1 million.

Another change to the act establishes that production expenses are exclusive of taxes payable or paid on the profit of a mine when calculating royalty payable under the act.

Regarding Canadian ownership and participation requirements, you will note that such provisions are being included in the new act. This will ensure that new mines in the Yukon meet reasonable requirements of Canadian ownership. Similar provisions already exist in the Canadian mining regulations which apply in the Northwest Territories and in the oil and gas regulations which apply to both territories. The provisions to which I refer stipulate that mineral leases may be issued only to Canadian citizens or companies that are incorporated in Canada. The provisions are not retroactive and will apply only to new claims or to existing claims which change ownership after the new act comes into effect. I should emphasize that the new decision at this time to include the Canadian participation provisions does not reflect or in any way anticipate the outcome of the general review of foreign ownership now being undertaken by the government.

• (2:20 p.m.)

I might add that some misunderstanding seems to have arisen concerning the Canadian participation provisions in that 50 per cent Canadian ownership would be required in all cases. This is not so. It should be remembered that the provisions would not apply during the claim stage, but only for actual production when leases must be acquired. Also the basic requirement is that all companies acquiring leases must be incorporated in Canada and must ensure that Canadians have an opportunity to participate in the financing and ownership of the company. If a company is listed on a Canadian stock exchange, this requirement is met, and the specific percentage ownership applies only to private companies, where the stock is not widely distributed or available for purchase.

Fears have also been expressed that it would be difficult to raise risk capital as a result of the introduction of these provisions. Our experience in the Northwest Territories where similar provisions were introduced in 1961 does not bear this out. For example, there have been three major staking rushes and the number of claims