

Income Tax Act

in the legislation. Let us pass it and rely on the recommendations of the experts."

However, he failed to mention that the associations of which these experts are members have all advocated delay. They have said it is a much too complex piece of legislation, a much too bulky and lengthy piece of legislation on which to pass immediate judgment. They themselves, the experts of whom the parliamentary secretary speaks, say, "Let us have some time to make a detailed study of what the government has brought in, which is such a radical departure from that very radical document, the white paper on taxation."

Somebody at one stage called it the black paper on taxation and others called it the red paper on taxation. After a discussion of the white paper, the mining industry of Canada and other concerned institutions, at a series of public hearings submitted their interpretation of the tax reforms and of how they will affect the mining industry. The findings by those institutions suggest very strongly that the tax reform proposals will not only slow down mining activity in Canada but, more importantly, will make the Canadian mining industry less competitive in international markets.

To divert for a moment, Mr. Speaker, I am rather surprised that the representations—if any—made by the Minister of Indian Affairs and Northern Development (Mr. Chrétien) found so little sympathy in the cabinet committee which undoubtedly considered this tax reform legislation. The Minister of Indian Affairs and Northern Development has travelled extensively enough in the northern parts of Canada to know the economic problems there. Either he knows them as a result of these travels or he is deliberately choosing to ignore them in the making of his recommendations to the cabinet committee which considered this legislation.

That minister has travelled in Russia and in Australia. Both those countries make special exemptions to people who populate and settle their northern areas. For years the residents of Canada's north have been asking for no better treatment than is accorded to the employees of the government who reside in the Yukon and the Northwest Territories. They have asked for increased personal exemptions in order to attract people to settle permanently in the north and partly to compensate for the high cost of living there. They do this in Australia, and the minister knows it. They do this in Russia, and the minister knows it. That policy works in both of those countries. I am rather surprised that he has been unable to get across to his cabinet colleagues the desirability of instituting such a reform in Canadian tax policy.

After appraisals by the government of the submissions by industries in respect of the white paper, the Minister of Finance announced three modifications of the tax proposals last fall and these are now embodied in the bill before us. The important point to consider is that despite the modifications to the white paper, the mining tax reform proposals as they now stand in the bill will affect the way of life of each and every Canadian in an adverse manner.

There has been too little said about the multiplier effect of the mining industry in Canada. The lack of adequate reforms illustrates this. The mining industry is one of those industries upon which a great many Canadians

[Mr. Nielsen.]

depend for their livelihood. Canada has in the past depended on a variety of primary natural resources as a cornerstone for its economy and now the mining industry is really coming into its own as one of the two major primary industries in Canada. From furs, to lumber, to minerals, Canadians have prospered from the export of these natural resources. Today the dependence of the Canadian economy on mining is even more striking.

The mining industry, as distinct from oil and gas, employs directly about 140,000 people in its mining, refining and smelting activities. The mining industry is unique in Canada in its widespread ripple impact on indirect job creation. I need not cite any more striking example than that of Thompson, Manitoba. Mining products represent about 40 per cent of all railroad and inland waterways tonnage, thus providing a high base-load and reducing transportation costs for other industries. Annual repair expenditures on construction, machinery and equipment amount to about \$300 million. New capital expenditures in mining are now more than \$1 billion.

The mining industry has promoted the development of secondary industry in Canada. The performance of the Canadian steel industry provides an excellent example. Mining has contributed significantly to the growth and development of our more northerly areas. In many instances it is the only activity for northern communities. No more striking example can be found in this regard than the whole of the economy of the riding that I have the honour to represent.

The current tax reform proposals in Bill C-259 will have many, varied effects on the mining industry. Among some of these is the fact that the bill will make the Canadian mining industry less competitive on the international scene. The Minister of Indian Affairs and Northern Development should realize how serious a matter that is, having viewed some—I am sure only a fraction—of the Australian mining industry and the mushrooming development that is occurring there. Since no other major industrial nation has such restrictive taxation laws as are incorporated in Bill C-259, this will force Canada's mining industry into a period of slow and restricted growth.

Nothing can better illustrate this than the recent studies prepared by Price Waterhouse and Company, for the Mining Association of British Columbia, on the Yukon and the British Columbia mining industries. With respect to the financing of the industry, that study came up with the following finding:

The total net inflow in 1970 was \$15,608,000, down \$40,100,000 or 72 per cent from 1969, and less than in any year since 1965—

The industry paid \$5,745,000 in interest in 1970, an increase of 47 per cent over 1969—

Total expenditures for exploration and development were \$9,411,000 in 1970, down 42 per cent or more than \$6,800,000 from the record level of 1969, and slightly less than the amount spent in 1968.

With respect to taxes, the report makes these findings:

Total federal, territorial and municipal taxes paid by the Yukon mining industry reached almost \$4,700,000 in 1970, an increase of 23 per cent over 1969 and four times the amount paid in 1966.

We never hear of this kind of contribution to the economic fabric of the nation when we hear the Minister of Indian Affairs and Northern Development tell us so often that we can never expect any autonomy in the Yukon, any