

### *The Address*

adversely affected by ill advised taxation, blatant tax revenue grabs and overregulation than the Elk Valley.

The area suffers with a 30 per cent unemployment rate. In the last couple of years there have been significant mine failures with as many as 2,000 people out of work severely depressing the commercial community.

It was interesting that in a recent news article in the *Kimberley Bulletin* a headline read: "Cominco irked at city tax rate". The complaint of the mining company was that the major industrial tax rate in Kimberley is 69 per cent higher than the tax rate in Cranbrook. In justifying the position of the city, the mayor of Kimberley agreed that Cominco taxes are high but said the tax rate is justified. He said the mining company has had it easy on taxes because it did not start paying taxes until 1968 when Cominco was incorporated into the city limits. The mayor said: "That is when Cominco started shutting down plants and laying off people".

I am not criticizing the mayor of Kimberley for his comments. I simply cite that quotation as an accurate representation of what happens when an industry is taxed. The fact is that when taxes go up then jobs and an industry decrease.

Capital for mining is fleeing Canada. The country of Chile is one of the greatest beneficiaries of this flight. It has an effective tax rate of 15 per cent. The countries of Mexico and Papua New Guinea have a mining tax rate of 35 per cent. The Philippines and even the United States has a tax rate on mining companies of 38 per cent whereas the mining companies in the province of British Columbia suffer under a mining income tax rate of 50 per cent. That is hard rock mining.

In coal mining, although it is hard to believe, in four years between 1987 and 1991 the B.C. coal industry paid \$454 million dollars, almost half a billion dollars, in direct taxes while net returns to the industry believe it or not were only \$8 million.

Citizens must demand less from the federal government, provincial government, regional district, cities, towns and even the school boards because I say that taxes kill jobs.

For example property tax rates charged on coal mines are three times higher than residential rates. These taxes pay for municipal services. The ministry of environment of the province of B.C. has made a decision to require the East Kootenay region to implement a solid waste disposal program. To put solid waste disposal into normal terms, it is simply people's garbage.

The annual cost of this program is \$3.2 million. The share of the costs of Sparwood and Elkford combined would be about \$940,000 annually. The coal mines in these municipalities would pay \$717,000 of that \$900,000.

Yesterday Fording Coal announced that following a 4 per cent decrease in the selling price of their top grade of coal in Japan in 1993, they are suffering a further 8 per cent decrease in their selling price in 1994. This solid waste management program as desirable as it may be will remove an additional \$700,000 from coal producers' cash flow while prices in the world market are dropping.

Citizens must demand less or we will continue to see bankruptcies, job losses and potentially the total disintegration of B.C.'s export coal industry.

The problem is not confined to the East Kootenay area. The coal must move from the mines in my constituency to port.

• (1540)

We have a world class facility with our transportation services to the coast. The coal car repair shop in Golden is state of the art. The railway company and its workers just as with the workers in the coal mining producing plants are going flat out to be efficient. However, we are going to tax them out of existence at every level of taxation.

In 1981 the selling price of coal was around \$67 a tonne. In 1991 it had dropped to \$60 a tonne. However, in real dollars, that is converting 1981 dollars into 1991 dollars, the \$67 a tonne revenue in 1981 became \$35 a tonne revenue in 1991.

The companies responded and the workers and the companies have driven their operating expense from \$41 a tonne to \$22 a tonne or, again in real costs, to \$13 a tonne.

In other words operating costs have been reduced through diligence and hard work and significant capital investment driven down by 70 per cent since 1981. The workers in the coal industry and transportation have shown extreme dedication in this quest to reduce costs while at the same time demands for additional services and social entitlements by Canadians has pushed politicians to increase taxes and outright revenue grabs at an alarming rate.

As weird as it may seem some of the bridges on the rail line over the canyons and through the mountains between the Elk Valley and Roberts Bank attract tax levels of tens of thousands of dollars each. One bridge classified as an improvement costs the railway over \$100,000 annually in taxes simply because the canyon exists and we want to get the coal over the canyon.

At the federal level fuel taxes on diesel use by the railway stand in the way of our coal producers in British Columbia being able to ship clean burning coal from B.C. to Ontario. The fuel taxes on the diesel used by the railway locomotives are for the purpose of building highways. This is totally unrealistic and unfair in the application of taxes. It is taxing one method of transportation to subsidize another.