

**EMERGENCY GOLD MINING ASSISTANCE ACT**

AMENDMENT EXTENDING APPLICATION TO JUNE 30, 1973

**Hon. J. J. Greene (Minister of Energy, Mines and Resources)** moved that Bill C-4, to amend the Emergency Gold Mining Assistance Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

He said: Mr. Speaker, the federal government has provided assistance to the gold mining industry since 1948 under the Emergency Gold Mining Assistance Act. The economic position of the gold mines had deteriorated because of rising costs of labour and materials and a fixed price for gold. The assistance was given in order to minimize the social and economic dislocations in the gold mining communities which would follow the abrupt closure of most of the gold mines. These conditions have persisted and the operation of the act has been renewed successively for short terms. The current extension of the act, which was approved by Parliament in 1967 for a period of three years, expires on December 31, 1970.

Delegations representing the gold mining communities and mining associations have presented to me their concern over the effect which termination of the act would have on the gold mining communities. I wish to thank those organizations for their interest and for the views which they have expressed. The government has also had the benefit of the findings of an interdepartmental study group which examined the problem at some length.

It is clear that many of the gold mining communities are dependent for their principal economic support from the gold mines. The majority of the gold mines are dependent on the financial assistance which they receive under the act. Only a few of the 28 lode gold mines now in operation could continue in production without the benefit of the assistance.

A substantial decline in the gold mining industry has occurred in recent years. The number of operating lode gold mines of significance has dropped from 87 in 1948 to 55 in 1960, and to 28 in 1970. The number employed in the industry has been reduced from 22,566 in 1948, to 16,542 in 1960 and to 7,352 in 1970. In addition to the 7,000 gold mine employees, there are some 5,500 other employees in the gold mining communities who are directly dependent to some extent on the gold mines.

• (9:10 p.m.)

Gold mines, to be eligible for assistance, must produce gold having a value which is 70 per cent or more of total value of the output of the mine. Consequently, the gold produced as a by-product by base metal mines is not eligible for assistance. The amount of assistance payable to a gold mine operator is based on the number of ounces produced in a calendar year and the average cost of production per ounce. Only gold sold to the Royal Canadian Mint is eligible for assistance. However, the average cost of production is determined using all ounces of gold produced by the mine, whether or not it was sold to the Mint.

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Mines having an average cost of production of \$26.50 per ounce or less do not receive assistance. There is only one gold mine in Canada now which has an average cost of production of less than \$26.50 per ounce. The rate of assistance increases as the average cost per ounce increases over \$26.50 until a maximum rate is reached when the average cost per ounce amounts to \$45. The maximum rate of assistance payable on all eligible ounces is \$10.27 per ounce. The financial support which the government has provided since the inception of the act has been substantial. A total of \$281 million has been paid to gold mine operators from 1948 to September 30, 1970.

Hon. members may have noted the amounts of assistance which have been paid annually, in the Report on the Administration of the Emergency Gold Mining Assistance Act for the fiscal period ending March 31, 1970, which was tabled in the House on October 15, 1970. The assistance paid with respect to the calendar year 1966 amounted to \$15.3 million, for 1967, \$15.0 million and for 1968, \$13.5 million. Payments for the year 1969 are estimated at \$13.5 million. The reduction in assistance payable in 1968 and 1969 was in part due to the sale of a part of the production of some mine operators on the open market to obtain the benefit of the high open market price during those years. With a continuation of the act, it is estimated that the assistance payable in each of the years 1970, 1971 and 1972 will amount to approximately \$14.0 million.

Notwithstanding a continuation of assistance, it is anticipated that rising costs and the depletion of ore reserves will result in the closure of more gold mines. Three mines ceased operations in 1970 and one or two more have indicated that they may close within the next few months. Termination of the act would result in the abrupt closure of a majority of the gold mines.

Substantial adjustments face the gold mining communities in view of the continuing decline of the gold mining industry. Consideration has been given to the possibility of increasing the level of assistance under the act as a means of assisting the gold mining communities. However, a change in the level of assistance which would reverse the present trend in the industry or have any significant effect would be extremely costly.

I believe, Mr. Speaker, that the most appropriate policy for the government to follow, in providing aid to the gold mining communities, is to continue assisting gold mine operators under the act at the present level, to apply the benefits of existing federal social aid programs to persons displaced by gold mine closures and to examine the practicability of other avenues of potential economic support for the gold mining communities. Extension of the act will permit a gradual adjustment of the gold mining communities to diminishing economic support.

For those persons affected by mine closures, help is available through the federal programs of training and mobility for those who seek new employment, and through unemployment insurance and welfare programs.