

● (4:30 p.m.)

As a further specific example of excessive discretionary powers proposed in the bill, Mr. Speaker, I would draw your attention to clause 79(2), a particularly important clause because it deals with annual royalties payable to the Crown by mine owners. This subclause allows the minister—and of course this authority will be delegated—to decide whether two or more mines are operated by the same mine operator, or whether they are under the same general management and control. There is no appeal provided from this most arbitrary decision, the consequences of which could be enormous for the people who may be affected by it.

Paragraph (a) of clause 83 empowers the minister to reduce the value of depreciation on machinery, equipment or buildings at a mine where such depreciation has been claimed at a rate of 15 per cent per annum. Again, no appeal lies from this arbitrary decision. The discretionary powers embodied in the bill only add uncertainty to the Yukon mining industry, an industry which if nothing else is uncertain and risky by its very nature. Hon. members also ought to note that the proposed legislation further threatens the industry by establishing a most substantially increased scale of royalties which will not be alleviated by tax abatement provisions because, as I pointed out in my remarks on April 22, the Yukon Territory is not a province.

The measures proposed in this bill are particularly resented by the people of the Yukon Territory because, at a time when mining development is just beginning to move at a very encouraging rate, new proposals are introduced which place mineral operations in the Yukon Territory at a very significant taxation disadvantage compared with the same type of operation in British Columbia and Quebec. This cannot but discourage mineral exploration and development in the Yukon Territory, with appropriate consequences for the people who live there.

In a recent report in the *Globe and Mail*, to be specific on March 26, 1971, Mr. Jack Austin, the Deputy Minister of Energy, Mines and Resources, is reported as having told a group of mining executives in Toronto that:

Old antagonisms between government and the mining industry are breaking down.

If the present bill, as proposed, becomes law I can assure Mr. Austin and his minister, as well as the Minister of Indian Affairs and Northern Development, that they will be in for very substantial disillusionment. How can a piece of legislation such as the present bill, which would treat so unfairly the principal industry in an area faced with enormous natural problems in developing industrially, be received with anything else but hostility by the people who must operate under it or who otherwise will be affected by it?

In response to Mr. Austin's questionable optimism, I think it is worth citing a small portion from an editorial entitled "This is Where It's At" which appeared in the December, 1970, edition of the *Western Miner*. The final paragraph in that editorial reads:

As Mr. P. M. Reynold, President of Bethlehem Copper Corporation, so aptly observed at a recent meeting with Finance

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Minister Benson—"We are just not able to communicate with you and your advisers. We are not on the same wave length." The industry has made every possible effort to communicate, but apparently to no avail. Surely, with such undeniable evidence of the employment creating capability of the mining industry, government must reconsider its proposals to destroy this capability through unrealistic tax policies.

If we were dealing with a government which had a normal measure of humility, it might be possible to have some of the more extreme and punitive aspects of this legislation changed. Frankly, having observed the arrogance and self-righteousness of the government, particularly when it comes to listening to points of view alternative to its, I must despair of hoping that it will heed the representations which have been made against the proposed act by such bodies as the Vancouver Board of Trade.

In its letter of February 23, 1971, the Vancouver Board of Trade wrote to the minister as follows:

It is calculated that the proposed Yukon royalty will be more than three times as much as the present royalty over the first five years of an operating mine and more than twice as much over the first ten years.

This increase in disparity with mining taxes in the provinces coupled with the higher cost of mining and exploration in the Yukon will minimize the future growth in the territory.

On the matter of ministerial discretion, the Board of Trade observed, and again I quote:

There are sufficient uncertainties in mining without compounding the problem. Ministerial discretion, which in practice may mean a civil servant without mining or business experience, is an unacceptable method of applying a tax. It should be used as a last resort and not to cover vagueness and ambiguity in drafting. Examples of unnecessary use of ministerial discretion can be found throughout the bill but in particular we point out section 79(2), 80(c) and 83(a) and 84. The abrogation of parliamentary rights and the resultant possible abuse becomes critical when a taxpayer has no right of appeal to a court.

The Yukon Chamber of Mines in its submission to the Standing Committee on Indian Affairs and Northern Development on this bill made the following criticism of its royalties provisions:

The Finance Minister's white paper on tax reform indicates a major tax increase for mining companies. A study of an existing copper mining company of an average size revealed that over a ten year period its tax burden would have been increased by more than 35 per cent had the white paper been in effect during that time. In a ten year period the total tax burden for a mining company operating in British Columbia under the white paper would have been 60 per cent greater than the burden it would have had to bear in the United States and 63 per cent more than it would have had to sustain in Australia. Mining investment capital is very specialized in that it tends to stay with the industry and not move to other industries. Should mining in Canada become less attractive as a result of the white paper it is very probable that Canadian mining capital would not be deployed to some other activity in Canada but rather would leave the country in search of other more attractive (mining) ventures.

It seems to me that once again the government is working at cross purposes in this bill. The Minister of Regional Economic Expansion (Mr. Marchand) is responsible for a department which is spending many millions of dollars yearly in an effort to stimulate economic expansion in areas where such activity is not taking place at a sufficient rate and in a degree to provide stable