

Obviously, what happened one week ago in this House indicates that the government has at long last recognized that, in economic terms, financial terms as well as in terms of unemployment and runaway inflation, the economic house of Canada is burning down. Why are we at this time, then, in such unseemingly haste to get through such a confused and discouraging piece of legislation? When we come to the clause by clause consideration, obviously we will have to take a fundamental stand on the contradictions that are represented in subsections 70(5)(a) and (b), which relate to matters I have discussed this afternoon.

• (5:40 p.m.)

The government has brought in over 100 amendments. This almost suggests a complete rewriting of the bill. While we are at this preliminary stage, I ask the parliamentary secretary to communicate to his superiors on the treasury benches that if they are really intent on making sense out of nonsense, they will have to go much further than 100 amendments. I do not think 1,000 amendments will straighten out confusion of the type I have pointed out this afternoon.

**Mr. Nielsen:** Mr. Chairman, I have listened to some very great contributions in the debate on this bill. Very few have come from the other side.

**Mr. Dinsdale:** They simply have not read it.

**Mr. Nielsen:** As my friend from Brandon-Souris says, they simply have not read it.

**Mr. Dinsdale:** They talk of faith, hope and no charity. They are doing away with charity.

**Mr. Nielsen:** All that members opposite are capable of doing is making speeches by interjections which are just about as empty as their heads.

I knew we were in a time of very high inflation. I did not really appreciate just how serious the problem was until I picked up a copy of the *Financial Times* the other day. On the front page was a picture of the boss or master, the Prime Minister. The Minister of Finance was scowling at him. The caption on the picture reads "The Billion Dollar Brains". If that is an example of billion dollar brains, it must be the ultimate in inflation.

I was interrupted on the last occasion when I was talking about the contribution that the prospector makes to the mining industry. I intend to conclude those remarks at this time. I was saying that it is hard to exactly estimate what contribution the prospector has made. However, I have had some research done which indicates the following.

Prior to 1920, prospectors accounted for over 90 per cent of the mineral discoveries made. Those discoveries numbered 28. Second, by 1950, prospectors in competition with other methods of detection accounted for over 80 per cent of all other discoveries made to that time. They numbered some 75. Third, by 1960 prospectors as lone operators still accounted for 35 per cent of all metal discoveries made, some 59. By 1970, prospectors in competition with highly sophisticated remote sensing techniques, still accounted for almost 25 per cent of all metal discoveries made, some 30.

### *Income Tax Act*

As hon. members know, the bill seeks to eliminate the incentives that heretofore existed to encourage prospectors to search for minerals in this country. As the figures which I have just disclosed to members suggest, remote sensing and other sophisticated geophysical and geochemical techniques have made significant contributions to metal discoveries in the past two decades. However, even today, in competition with the most modern tools of metal exploration, one out of every four new finds comes from a prospector. A prospector, with his pack on his back, braving the hardships of bush life and the relatively short season that is available to him, conducts his activities.

It may be interesting to note exactly how metal deposits are found. The large number of exploration companies now operating in Canada operate with essentially two methods. First, there are modern integrated programs using the best available combination of geological, geophysical, geochemical and other techniques. Second, and this is the one that interests the prospector, and the one clause 59 of the bill will hit hardest, there are invitations for submission of worthy mineral prospects for further development. Those invitations are made and the prospectors know it. This latter technique emphasizes property acquisition by a company from individuals or small time operators who are unable to meet the necessary expenditures required to further evaluate any given property. Usually, a mutually beneficial scheme is arranged between company and prospector when the mineral property is transferred to the company.

Under current legislation, income to the prospector from the sale of such properties is not taxable. Clause 59 (1) of Bill C-259 proposes to make the sale of such properties taxable. This taxation proposed by Bill C-259 will undoubtedly have the effect of slowing down prospecting activities to the point that they will no longer be attractive. Prospectors will feel that if the incentive has disappeared, what is the point of going out and searching for new mineral finds. It is going to slow down the new finds. Logically, it will slow down new mine production. It is going to have an effect on the over-all national economic pattern.

**Mr. Dinsdale:** No wonder the economy is slowing down.

**Mr. Nielsen:** Precisely. That is just one small example. The member for Brandon-Souris has given others. Other members on this side have also given reasons why the economy is slowing down. The fact that it will no longer be attractive for prospectors to look for minerals because of this clause will result in a fewer number of prospectors. Canada's metal industry and general economic well-being will be adversely affected. I ask hon. members to consider the following criteria.

First, not all metal discoveries made are economic to the point that extraction of the ore can immediately be profitably pursued. In fact, a large number of these occurrences are initially sub-economic. They are put away on the shelf until such times as economic conditions make extraction profitable. Many such shelved occurrences wait ten years or more between discovery and production.

The prospector has been instrumental in placing such occurrences on what I like to call company shelves. In fact, recent estimates suggest that four production initia-