

HOUSE OF COMMONS

Wednesday, September 21, 1949

The house met at three o'clock.

GOLD MINING INDUSTRY

STATEMENT AS TO CONTINUANCE OF AID UNDER EMERGENCY GOLD MINING ASSISTANCE ACT

Hon. Colin Gibson (Minister of Mines and Resources): Mr. Speaker, I wish to take this opportunity of presenting a statement to the house defining the policy of the government in regard to the continuance of the aid which has been given to the gold mining industry of Canada since January 1, 1948, under the terms of the Emergency Gold Mining Assistance Act.

As hon. members are aware, the steps recently taken to alter the value of the Canadian dollar in relation to the United States dollar have a direct benefit to the gold mining industry. In the light of these benefits it has been necessary for the government to re-examine the terms of its policy. The Emergency Gold Mining Assistance Act was presented to parliament and passed in order to aid an industry that had experienced a great increase in its cost of production during a period in which its product was sold at a fixed price. It was the desire of the government and of parliament not only to assist the industry but, even more, to protect the communities dependent upon that industry.

The effect of the application of the policy embodied in the Emergency Gold Mining Assistance Act was to increase the price per ounce received by the gold mines of Canada on an average of \$3.20 during the designated year 1948. It should be noted, however, that this is an average figure, and whereas some mines received as little as 50 cents an ounce other mines with higher costs received the maximum allowed, namely \$16 an ounce. The effect of the adjustment in the exchange value of the Canadian dollar has been to raise by \$3.50 per ounce the price that will be paid for gold produced and sold to the Canadian government. Under the circumstances it might be argued that the government would be justified in discontinuing the payments under the Emergency Gold Mining Assistance Act because of the assistance which the mines will receive from the adjustment in the dollar exchange value.

The government has decided against such a policy. This decision has been taken for

the following reasons: (1) When the Emergency Gold Mining Assistance Act was passed, it was proposed that it would remain in effect for three years. Some of the mines have undoubtedly been basing their operations specifically on this fact. It would therefore be unfair to these mines to alter the period during which the act will remain in effect. (2) Discontinuance of the benefits under the act would not fall equally on all the mines. The effects of the payments to the various mines are directly related to the needs of those mines and their dependent communities. Cancellation of this policy would mean that some would be affected only in a minor way and that others would suffer serious hardship.

Having decided against the policy of cancellation, the government was then faced with the necessity of deciding whether the act should be left to operate without any modification, or whether some change less drastic than cancellation should be adopted, in fairness not only to the mining communities but to the taxpayers and general public of Canada.

After careful consideration the government has come to the conclusion that the fairest policy that can be adopted in the circumstances can be brought into effect by taking the following steps:

1. The present assistance payments will be continued until the end of the calendar year 1949. During this time the mining industry will have the full advantage of such payments and of the adjustment in the exchange value of the Canadian dollar.

2. Before the end of this year the government will introduce legislation to amend the act to provide that during the last year of its operation—that is, the calendar year 1950—the total amount of assistance payments made to any mine will be reduced by an amount equal to \$3.50 an ounce for each ounce of gold to which the rate of assistance under the present act applies. This in effect means that any mine which during 1950 would have been entitled to assistance payments of \$3.50 or less will receive nothing. Those mines entitled to receive more than \$3.50 an ounce will receive the difference between \$3.50 and the amount to which they would have been entitled.

The adoption of this policy will mean that during 1950 the mining industry will receive