

Oral Questions

the mining industry is not participating in what the Minister calls a recovery of our economy, and also demonstrative of the fact that the industry is desperately trying to rationalize its operations and to adjust to dramatically changing world markets. I would ask the Government what it is doing to rationalize its policies and adjust to the circumstances faced by that particular industry.

What is the Government doing, particularly in terms of more innovative tax ideas which would take an inordinate social burden that had been assigned to the industry off of its shoulders, especially in connection with the so-called non-profit taxes, and so on?

• (1430)

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, the Hon. Member knows, and is indeed correct in saying, that some sectors of the mining industry, not all of them, have been facing more severe difficulties and have known some lag in benefiting from the recovery in prices and in world demand. Some sectors of the mining industry, however, have been doing much better lately. This will obviously depend on the pick-up in the world demand for their particular products.

The Hon. Member knows that the taxation legislation in this country having to do with mining is one of the most generous of any of the industrialized countries. We are trying to keep our tax legislation very competitive with what is happening in the rest of the world. As a matter of fact, measures taken by both the provincial Governments and the federal Government are extremely generous in some provinces. I am not in the position to comment specifically on the situation in British Columbia in particular, compared to the situation in some other provinces. The fact is that there is a limit on how much we can do in terms of tax incentives in that regard. As the Hon. Member knows, we have other programs having to do with manpower adjustments which are also available to help industries or firms facing particular difficulties.

REQUEST FOR INTRODUCTION OF TAX ASSISTANCE
LEGISLATION

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, the experience has been that all of the productivity and efficiency gains which have been achieved by industries through these painful decisions have been negated by the Government's heavy tax appetite. I am not so much speaking of the direct taxation which may well compare favourably with their competitors in world markets, but the indirect taxation, the so-called "non-profit" taxes, heavy taxes on energy, fuel and northern living allowances. These kinds of taxes which are such painful impositions on the industry make it exceedingly difficult for it to compete in world markets and to keep its operations going.

Is it the Minister's intention to introduce legislation which would permit the deduction from taxable income of the northern benefits which have been earned? And perhaps the federal Government, instead of using energy as a cash cow, can give

our domestic industry a break with respect to the energy taxes which are imposed on it by the federal Government?

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, I believe if there is one area where a break could be given it is more in the area of royalties imposed by the provinces, which are imposed right at the source. This is a sector where provinces can have a lot of flexibility, if they so desire. These are taxes which are taken right at the beginning of the level of production and would have a beneficial impact if they were to be reduced.

As far as the specific taxes to which my friend referred are concerned, they are taxes of a general nature which are reviewed at the time of every Budget. I had a Budget in the middle of February, and this is the posture I intend to follow for this year.

As far as the taxation of northern allowances is concerned, the Hon. Member knows that I have not changed the legislation vis-à-vis northern allowances. We have not increased taxes in that regard. I have indicated that we would continue with the current remission order.

REQUEST FOR REDUCTION OF ROYALTIES IN YUKON AND
NORTHWEST TERRITORIES

Hon. Erik Nielsen (Yukon): Mr. Speaker, I have one brief supplementary question to direct to the Minister of Finance on his response concerning provincial jurisdiction and royalties.. Will he follow his own advice and have the federal Government, which has sole jurisdiction over royalties in Yukon and the Northwest Territories, reduce those royalties and put mining back on its feet in those two northern Territories?

Some Hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Finance): Mr. Speaker, if the Hon. Member looks at the federal taxation levels on northern mines he will find that they compare very favourably altogether with what is happening in every single province in Canada. As a matter of fact the federal Government is extremely generous in its treatment of the mining industry in the North as compared to any other area in the country. There is no doubt about that.

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LABOUR CONDITIONS

LAYOFFS BY INCO AT PORT COLBORNE

Mr. Girve Fretz (Erie): My question is supplementary to the questions asked by the Hon. Member for Prince George-Peace River, and is directed to the Minister responsible for employment and unemployment. Four hundred and ninety jobs will be lost in my riding, and in particular in the City of Port Colborne, in an area where we presently have 17 per cent unemployment. Surely the people in government having to do with the industry were aware that the market for this particular product was drying up. Why then was no research done to