

on the Economic and Social Council, and the International Tin Council. The Sector administers the Emergency Gold Mining Assistance Act as a means of aiding mining communities largely dependent upon the gold mines. In collaboration with the Canadian International Development Agency and with the support of industry, the Sector sets up training courses for mineral scientists, technologists and economists brought to Canada under the various aid programs, and is advising on mineral projects undertaken by Canada as an aid to developing countries. The Sector publishes an extensive series of reports and other material, and maintains the Mineral Occurrence Index, which is a listing of about 14,000 mineral showings and deposits in Canada that may be consulted by anyone interested.

The Energy Development Sector is primarily a policy-making group with a direct impact on the mining industry. Some specific areas of assistance are considered here. The Sector studies and assesses individual projects and developments relative to each of the energy sources and in terms of interrelationships with other energy sources. It appraises trends in oil and gas exploration and production, transportation, processing and marketing in Canada and on an international scale, and provides information to federal government agencies, industry and the general public on oil and gas developments in Canada and abroad. In the field of uranium, the Sector continues to co-ordinate uranium matters on such subjects as stockpile programs, possibilities of the establishment of uranium-enrichment facilities in Canada and export opportunities. With respect to coal, in addition to its wider role it provides assistance in the form of research and development grants to help improve the quality and utilization of coal, and provides advice on production expansion rates compatible with profitability and projected demand in Canadian and foreign markets. The Sector also administers and manages federal interests in mineral resources off-shore from Canada's east and west coasts and in the Hudson Bay region, as well as federally owned mineral rights in the provinces that become available for disposition.

Tax incentives to the mineral industry. Although mineral industry enterprises are subject to federal income tax, certain benefits granted to them under the Income Tax Act serve as incentives to exploration and development of minerals and to further processing of minerals. Some modifications were made in the tax incentives to the mineral industry in the amended Income Tax Act which became effective on January 1, 1972.

Under the provisions of the amended Act the exemption from income tax for the first three years of operation of new mining ventures terminated at the end of 1973. However initial capital expenditures in a new mining operation on buildings, machinery and equipment and certain community and transportation facilities may be deducted as rapidly as income will permit. Consequently new mining ventures will not be liable for federal income tax until these initial capital expenditures have been recovered. In the case of a major expansion of an existing mine, capital expenditures on buildings and on machinery and equipment also may be deducted immediately.

The operators of oil or gas wells or mines have been able to claim, during the full life of the operation, an automatic depletion allowance equal to one third of the taxable income. In general the effect of the automatic percentage depletion allowance is to reduce the tax otherwise payable by one third. This will continue to apply until the end of 1976. Beginning in 1977 the automatic percentage depletion allowance will be replaced by an earned depletion allowance. The rate at which this allowance may be deducted annually will remain at one third of the taxable income but the total amount of the allowance which may be deducted will be limited to the base or pool which is earned through eligible expenditures. The depletion base will amount to \$1 for every \$3 of expenditures on exploration and development activities, on certain assets acquired for a new mine or major expansion and on facilities acquired to process, up to the prime metal stage, Canadian ores which were previously exported unprocessed. Depletion may be earned on eligible expenditures between November 7, 1969 and the end of 1976 and accumulated for deduction after 1976. The Income Tax Act was amended in 1973 to render income to custom processors from the processing of mineral ores up to the prime metal stage eligible for the automatic depletion allowance from January 1, 1973. Moreover expenditures on machinery and processing equipment acquired after May 8, 1972 will earn depletion for deduction after 1976.

Mining and petroleum companies will continue to have the right to claim costs of exploration and development incurred in the search for oil, gas or minerals in Canada as an immediate