

LEGISLATIVE ASSEMBLY OF THE  
NORTHWEST TERRITORIES  
7<sup>TH</sup> COUNCIL, 44<sup>TH</sup> SESSION

TABLED DOCUMENT NO. 10-44

TABLED ON FEBRUARY 1, 1971

THE MINING ASSOCIATION OF CANADA

NINTH FLOOR

20 TORONTO STREET

TORONTO 210, ONTARIO

25 DEC 1970

TD # 10-44

Tabled  
on Feb 1, 1971

December 23rd, 1970

Mr. S. M. Hodgson, Chairman, and Members of the  
Council of the Northwest Territories,  
YELLOWKNIFE, Northwest Territories.

Mr. Chairman and Gentlemen,

The Mining Association of Canada wishes to bring to your attention the heavy and discriminatory tax burden levied by the Council against fuel oil for use in motor vehicles, and particularly diesel oil when such use is confined to areas other than the highways, streets or roads under the jurisdiction of the Territorial Council. It is our hope that, as a result of this submission, the Council will find it possible at its next session to introduce corrective action.

The changes in rates and exemptions under the Fuel Oil Tax Ordinance are summarized in Table 1. This Table shows that, in the fall of 1966 and the spring of 1967, the Council realized that fuel oils for other than exempt purposes and for other use than in motor vehicles was carrying too heavy a burden, and reversed the upward trend for propane, butane, gasoline and fuel oil other than diesel oil for use in a motor vehicle. This reversal, although it still taxed fuel oils for heating and industrial purposes at higher rates than the adjoining provinces or territories, was welcomed by all in the Territories, including the mining industry. Table 1 also shows that gasoline, regardless of its land use, was subject to a progressively increasing tax rate until it levelled off at 12 cents per gallon in 1969.

However, the startling picture portrayed by Table 1 is the astounding increase in taxes on diesel oil for motor vehicle purposes, which by April 1st, 1971 will show a 250% increase within a four-year period. This is greatly in excess of the inflation guidelines set by the federal government and cannot be other than detrimental to mining and other industrial expansion in the Territories.

Not only is it considered retrogressive to tax the fuel requirements of basic natural resource industries when services are provided (i.e., roads, airports, docking facilities, etc.), but it is most unusual to tax them heavily when no services are provided. Here we refer to motor vehicles used completely and solely for off-highway purposes such as mineral exploration and development, or for hauling ore, materials, tools and personnel within the confines of a developed mining property. As The Mining Association of Canada, we will confine our remarks to our industry, but the same would apply equally to any business, trade or calling that operated exclusively off highways or off other facilities provided by the government.

Continued .....

The land mass of the Northwest Territories is bounded on the north by the Arctic Ocean, on the east by Hudson Bay, on the south by the Provinces of Manitoba, Saskatchewan, Alberta and British Columbia, and on the west by the Yukon Territory. Thus, a study of taxes on fuel oils within the Northwest Territories should properly be compared with such taxes in the adjoining provinces and the sister territory. Furthermore, it could be argued that, as the only land access is from the Province of Alberta, the fuel tax laws of the Territories should not be too divergent from the tax laws of that province. This study will be confined to the four western provinces and to the two territories.

As each of the taxing jurisdictions has adopted different methods of classifying, marking and taxing the different types of fuel oil and exempting wholly or partially various uses of such fuel oils, a comparative table covering all such variations became a practical impossibility. Consequently, Table 2 was produced to compare the tax incidence on specific uses of specific fuel oils in the various taxing jurisdictions.

The Table shows the quite significant variations from one taxing authority to another and indicates that the greatest variation is for diesel oil used in vehicles restricted to off-highway use -- from 1/2 cent in British Columbia to 14 cents in the Northwest Territories.

The Mining Association of Canada earnestly suggests that a review be made of this particular item, as it bears heavily in calculations made by companies when considering where their mining exploration dollars should be spent.

It is noted from figures supplied by the Dominion Bureau of Statistics that the revenues, actual and estimated, derived from fuel taxes in the Northwest Territories are:

1966-67	\$ 971,000
1967-68	1,053,000
1968-69	1,433,000
1969-70	1,940,000
1970-71	2,150,000

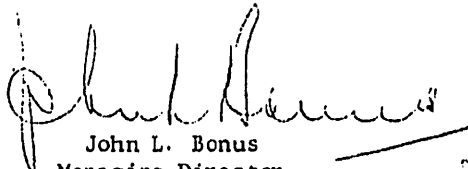
Estimates are unavailable to indicate what portion of the fuel oil tax was paid by mining companies and their employees through the use of aircraft, commercial ground and water transportation, vehicles using highways, etc. However, in the calendar year 1969, one company alone paid \$187,000, of which all but \$21,000 was in connection with the use of fuel oil within the confines of its mining property.

Continued .....

The Mining Association of Canada respectfully suggests that the Northwest Territories Council follow the lead of Alberta, British Columbia and Manitoba in colouring fuel oils for exempt or partially exempt uses. We specifically recommend the reduction of the tax on diesel oil used in motor vehicles restricted to off-highway use.

Attached for your information are summaries of fuel oil tax information supplied by the various taxing authorities concerned, together with excerpts from the Canada Year Book 1969, concerning this subject.

Respectfully submitted,

  
John L. Bonus  
Managing Director

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Appendices

- I. Table 1 - Changes in rates and exemptions  
under the N.W.T. Fuel Oil Ordinance
- II. Table 2 - Comparison of fuel oil effective tax rates  
in Alberta, British Columbia, Manitoba,  
Saskatchewan, Yukon and Northwest Territories
- III. Excerpts from Canada Year Book 1969
- IV. Fuel oil tax legislation in Manitoba, Saskatchewan,  
Alberta and British Columbia
- V. List of Member Companies

N. W. T. FUEL OIL TAX ORDINANCE R. O. 1956 C. 40 AS AMENDEDHistorical Tax Rates in Cents per Gallon:

<u>Date Effective</u>	1 1956	1 Jan. 19/60	1 Apr. 1/62	1 Apr. 1/63	1 Apr. 1/64	1 Apr. 1/65	1 Apr. 1/66	1 Jan. 1/67	1 Apr. 10/67	1 Apr. 1/68	1 Apr. 1/69	1 Apr. 1/70	1 Apr. 1/71	<u>% Increase 1967-71</u>	<u>% Increase 1970-71</u>
<u>BY USE</u>															
<u>Exempt</u>															
Hospitals	0	0	0	0	0	0	0	0	0	0	0	0	0		
Municipal districts	0	0	0	0	0	0	0	0	0	0	0	0	0		
Lubrication, oiling streets and cleaning solvents	0	0	0	0	0	0	0	0	0	0	0	0	0		
<u>Taxable</u>															
Aviation	1	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½	0	0
Heating (not gasoline)	0	1½	2	2½	3	3½	4	4	3	3	3	3	3	-25%	0
Motor vehicles-gasoline	1	1½	3	4½	6	7½	9	9	10	11	12	12	12	33 1/3%	0
-diesel	1	1½	2	2½	3	3½	4	4	6	8	10	12	14	250%	16 2/3%
<u>By Product</u>															
Gasoline-Aviation	1	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½	0	0
-Other	1	1½	3	4½	6	7½	9	9	10	11	12	12	12	33 1/3%	0
Diesel -Motor Vehicle	1	1½	2	2½	3	3½	4	4	6	8	10	12	14	250%	16 2/3%
-Other	1	1½	2	2½	3	3½	4	4	3	3	3	3	3	-25%	0
Propane and Butane	1	1½	2	2½	3	3½	4	3	2¼	2¼	2¼	2¼	2¼	-25%	0
Other									3	3	3	3	3	0	0

FUEL OILS - EFFECTIVE TAXES - CENTS PER GALLON

	<u>Alberta</u> <sup>A1</sup>	<u>British Columbia</u>	<u>Manitoba</u>	<u>Saskat- chewan</u>	<u>Yukon</u>	<u>N. W. T.</u>
<u>Gasoline</u>						
Aircraft	3	1	2		0	1½
Farming - tractors	c0	0	c0	0	0	0
- other	c0	0	c0	0	0	12
Other than carburetion	c3	c1	c0	0	0	(12
Stationary engines	c3	c1	17	0	0	(0 T
Motor vehicles - unrestricted use	15	13	17	19	11	12
- restricted to off- highway use	5	c1	17	4		12
<u>Diesel Oil</u>						
Farming - tractors	c0	0	c0	0	0	0
- other	c0	0	c0	0	0	3
Other than carburetion	c3	½	c0	0	0	3
Stationary engines	c3	½	c0	4	0	3
Motor vehicles - unrestricted use	17	15	20	21	11	14
- restricted to off- highway use	c3	½	5	4		14
<u>Propane and Butane</u>						
Other than carburetion	3	½	c0	0		2½
Motor vehicles - unrestricted use	15	15	17			
- restricted to off- highway use	c3	½	4	4		

c - coloured

A1- total exemption to industrial users under permit

T - if exempt use

APPENDIX III

EXCERPTS FROM CANADA YEAR BOOK - 1969

Rigid pavement	2
Flexible pavement	5
Gravel	<u>2,903-Earth 91</u>
	3,001

Expenditure on highways, bridges and ferries in Yukon and NWT:

	<u>Construction</u>	<u>Maintenance</u>	<u>Admin. &amp; General</u>
1967	\$ 9,473,000	\$9,626,000	\$1,054,000
1968	14,129,000	9,172,000	1,056,000

Northern Road Network Program - \$10,000,000/year for a 10 year period commencing in 1966.

Network Roads - Construction and 85% of maintenance by Federal Government.

Tote Trails - Temporary roads to property of a company exploring or developing natural resources up to 50% or \$20,000.00 each by Federal Government.

Initial Access Roads - As above but \$20,000 insufficient - up to 50% or 5% of expenditure by Federal Government.

Permanent Access Roads - From nearest permanent road to resource (preproduction stage) by Federal Government up to but not over (a) 66 2/3% of total cost, (b) 15% of capital invested by company before start of production or, (c) \$40,000.00 per mile, whichever is the least.

Resource Development Roads - To two or more resource projects which have reached production - all construction costs.

Area Development Roads - Low standard through underdeveloped region of potential natural resources - 100% by Federal Government.

Roads to Public Airports (land or water) - Construction and 85% of maintenance by Federal Government.

Under this program: Yukon 1,215 miles at cost of \$39,000,000 in use 1967-68.  
NWT 707 " " " \$37,000,000 in use March 1968.

Motor Vehicle Registration - all types

1967 - Yukon 8,583) practically equally divided between passenger  
- NWT 6,355) cars and other vehicles.

Revenue from taxes on fuel oils used in Motor Vehicles:

1966-67	Yukon & NWT	\$ 889,598
1967-68	Yukon & NWT	1,246,473

Gallonage used Yukon and NWT - gasoline and liquid petroleum - diesel  
not included and not set for a separately by taxing authority.

1963	7,764,476
1964	8,478,347
1965	8,739,575
1966	9,742,794
1967	11,130,271



GASOLINE AND DIESEL FUEL OIL TAXES

Each of the ten provinces imposes a tax on the purchase of gasoline by motorists and truckers. The rates vary from 13 cents per gallon in British Columbia to 31 cents in Prince Edward Island and 25 cents in Newfoundland. The amount of tax borne by one gallon of motor vehicle fuel in each province is as follows:

	<u>Gasoline</u> cts.	<u>Diesel Fuel</u> cts.
Newfoundland	25	25
Prince Edward Island <sup>1</sup>	21	21
Nova Scotia	19	27
New Brunswick	19	23
Quebec <sup>2</sup>	19	25
Ontario <sup>2</sup>	18	24
Manitoba <sup>3</sup>	17	20
Saskatchewan <sup>4</sup>	17	20
Alberta	15	17 <sup>5</sup>
British Columbia	13	15

- <sup>1</sup> Gasoline and diesel fuel used by primary producers - farmers, fishermen, manufacturers and processors - is exempt from tax as is also gasoline and motor fuel used by owners or operators of registered pleasure craft and ski-tows, and that used by consumers engaged in the construction of the Northumberland Strait Crossing.
- <sup>2</sup> Some relief from taxation is given where gasoline or fuel oil is used for farming, manufacturing, commercial fishing and other off-highway purposes.
- <sup>3</sup> Exemptions are allowed on purple fuel used in operating agricultural machinery, farm trucks and municipal fire apparatus, and in trapping, fishing and prospecting.
- <sup>4</sup> Gasoline and diesel fuel used by farmers in farm trucks are exempt from tax.
- <sup>5</sup> Three cents less for domestic heating. Generally, fuel oil used for agricultural and industrial purposes is taxed at three cents per gallon.

The British Columbia net tax rate (after refund) on gasoline used in logging trucks off highway, in power units of motor vehicles for stationary industrial use, and in vehicles used by amputees, paraplegics and certain war disability pensioners is one cent per gallon. Gasoline coloured purple for certain off-highway use (including marine) and motor fuels, being any fuel except gasoline not consumed on provincial highways, is also taxed at one cent per gallon. Fuel oil used for heating purposes is taxed at one half cent per gallon.

APPENDIX IV

PROVINCIAL OIL TAX LEGISLATION

MANITOBA

Legislation: The Gasoline Tax Act, R.S.M.1970, c.64, S.M.1970, c.41.

- (a) Non-coloured Gasoline - 17¢ per gallon for all purposes of carburetion except as provided in items (b), (c), (d) and (e) below.
- (b) Used in Aircraft - 2¢ per gallon except when purchased by an air carrier holding a valid and subsisting licence to engage in regularly scheduled or non-scheduled commercial international air services for use in an aircraft that has a maximum take-off weight, on wheels, in excess of 18,000 pounds and that lands in the Province in the course of an international flight for non-traffic purposes when the fuel then becomes tax exempt.
- (c) Coloured Gasoline - exempt of tax when used solely to operate farm machinery, farm trucks, municipal fire fighting apparatus, boats for licensed trappers, prospectors, freighters and commercial fishermen.
- (d) Non-coloured Gasoline - exempt of tax by permit when used solely for the lighting or heating of premises or the cleaning of fabrics or any purpose other than the operation of an internal combustion engine.
- (e) Non-coloured Gasoline - 17¢ per gallon subject to full refund when used solely to operate snowmobiles by licensed trappers and to operate snowmobiles, tractors and Bombardiers by licensed commercial fishermen.

The Motive Fuel Tax Act, R.S.M.1970, c.M220, S.M.1970, c.39.

(Motive Fuel is defined to mean any gas fuel or liquid fuel that is not gasoline as defined under The Gasoline Tax Act.)

- (a) Non-coloured Motive Fuel - 20¢ per gallon on diesel and 17¢ per gallon on propane when used to propel licensed motor vehicles on highways.
- (b) Non-coloured Motive Fuel - 20¢ per gallon on diesel and 17¢ per gallon on propane (subject to partial refund of 15¢ per gallon on diesel and 13¢ per gallon on propane) when used to operate an internal combustion engine for off-highway use.
- (c) Coloured Motive Fuel - 1¢ per gallon when used to heat buildings or premises of a commercial purchaser but tax exempt for any other purpose.
- (d) Bunker Fuel - 1/3¢ per gallon when used to heat buildings or premises of a commercial purchaser but tax exempt for any other purpose.



Used for:

<u>Act</u>	<u>Tax</u>
11(3)	
(a) generation of electricity	4¢
(b) heating	0
(c) industrial purposes, incl. tractors and machinery other than motor vehicles	4
(d) omnibuses	4
(e) highway purposes incl. tractors, etc.	4
(f) engines for well drilling, flour mills or grain elevators	4
(g) weeds and grasshopper control	0
(h) freezing units in locker plants	4
(i) engines for rock and metallic mineral drilling	4
(j) engines of commercial fishing boats	4
(k) consumption at mines and quarries incl. off highway trucks	4
(l) any industrial purpose except in motor vehicles	0
(m) farm trucks	0
(n) engines of motor boats and other vessels in north	4

ALBERTA

Legislation - Fuel Oil Tax Act, 1968 - C.33

Aircraft fuel when used in aircraft taxed at	3¢ per gallon
Diesel fuel for use in railway locomotives taxed at	3¢ per gallon
Clear gasoline and liquefied petroleum gas taxed at	15¢ per gallon
Clear diesel fuel taxed at	17¢ per gallon

Refund of 10¢ per gallon on clear gasoline and liquefied petroleum gas and 12¢ per gallon on clear diesel fuel when used for:

Consumption in licensed motor vehicles when operating off public highways.

Consumption for industrial use where use of purple coloured fuel oil is not suitable.

Purple coloured gasoline and diesel and liquefied petroleum gas taxed at 3¢ per gallon when used for industrial purposes other than licensed motor vehicles, which includes use in stationary engines, portable engines, tractors, snow mobiles and transit buses when operating within confines of a city.

Purple coloured fuel oil and liquefied petroleum gas is exempt of tax at 3¢ per gallon when used in farm equipment and farm trucks.

Purple coloured fuel oil and liquefied petroleum gas used for heating, lighting and domestic purposes is exempt from 3¢ tax.

Total exemption of tax on fuel oil consumed by Federal Government, Consuls and industrial users purchasing fuel oil issued by permit.

BRITISH COLUMBIA

Legislation: Gasoline Tax Act, 1948 (R.S.B.C. 1960, c.162; 1961, c.22; 1967, c.20)

Used in aircraft - 1¢ per gallon.

Other - 13¢ per gallon with refund of 12¢ per gallon if used in logging trucks off highway, in power units of motor vehicles for stationary industrial use and in vehicles used by amputees, paraplegics, and certain war disability pensioners.

Coloured Gasoline Tax Act (R.S.B.C. 1960, c.63; 1961, c.59, s.5; 1967, c.11)

Coloured gasoline - 1¢ per gallon limited to use by ships, boats, stationary engines, off-highway tractors and logging trucks, vehicles on tracks, and non-vehicular industrial use.

Motive-fuel Use Tax Act (R.S.B.C. 1960, c.251; 1961, c.40)

Any fuel, except gasoline, used to propel a highway commercial motor vehicle within the province - 15¢ per gallon.

Fuel-oil Tax Act (R.S.B.C. 1961, c.158; 1961, c.59, s.11; 1961 (2nd Sess.), c.1, s.52)

Fuel-oil as defined for heating and all purposes other than as motor fuel - ½¢ per gallon.

APPENDIX V

THE MINING ASSOCIATION OF CANADA

MEMBER COMPANIES

Algoma Steel Corporation, Limited, The - Algoma Ore Division  
Allan Potash Mines  
Alwinal Potash of Canada Limited  
American Smelting and Refining Company - Buchans Unit  
Anaconda Britannia Mines Ltd.  
Anglo American Corporation of Canada Limited  
Asbestos Corporation Limited  
Aunor Gold Mines Limited  
Bell Asbestos Mines Ltd.  
Bethlehem Copper Corporation Ltd.  
Bralorne Can-Fer Resources Limited  
British Newfoundland Exploration Limited  
Brunswick Mining and Smelting Corporation Limited  
Caland Ore Company, Limited  
Camflo Mines Limited  
Campbell Chibougamau Mines Ltd.  
Campbell Red Lake Mines Limited  
Canada Tungsten Mining Corporation Limited  
Canadian Exploration Limited  
Canadian Johns-Manville Co., Limited  
Carey-Canadian Mines, Limited  
Cassiar Asbestos Corporation Limited  
Coast Copper Company, Limited  
Cominco Ltd.  
Consolidated Canadian Faraday Limited  
Conwest Exploration Company Limited  
Copperfields Mining Corporation Limited  
Craigmont Mines Limited  
Denison Mines Limited  
Dickenson Mines Limited  
Discovery Mines Limited  
Dome Mines Limited  
Dominion Magnesium Limited  
Dresser Minerals  
Duval Corporation of Canada  
East Malartic Mines Limited  
Eldorado Nuclear Limited  
Endako Mines Ltd.  
Falconbridge Nickel Mines Limited  
Freeport Canadian Exploration Company  
Gaspe Copper Mines, Limited  
Giant Yellowknife Mines Limited  
Granby Mining Company Limited, The  
Granduc Operating Company  
Granisle Copper Limited  
Gunnar Mining Limited  
Hallnor Mines, Limited  
Heath Steele Mines Limited  
Hilton Mines, Ltd.  
Hollinger Mines Limited  
Hudson Bay Mining and Smelting Co., Limited

Indusmin Limited  
International Mogul Mines Limited  
International Nickel Company of Canada, Limited, The  
Iron Ore Company of Canada  
Joutel Copper Mines Limited  
Kam-Kotia Mines Limited  
Kennco Explorations, (Canada) Limited  
Kerr Addison Mines Limited  
Labrador Mining and Exploration Company Limited  
Lake Asbestos of Quebec, Limited  
Lake Dufault Mines Limited  
Lake Shore Mines, Limited  
Lamaque Mining Company Limited  
Leitch Mines Limited  
Little Long Lac Gold Mines Limited, The  
Macassa Gold Mines Limited  
Madeleine Mines Ltd.  
Madsen Red Lake Gold Mines, Limited  
Manitou-Barvue Mines Limited  
Mattagami Lake Mines Limited  
McIntyre Porcupine Mines Limited  
New Hosco Mines Limited  
New Imperial Mines Ltd.  
Newmont Mining Corporation of Canada Limited  
Noranda Mines Limited  
Opemiska Copper Mines (Quebec) Limited  
Orchan Mines Limited  
Pamour Porcupine Mines Limited  
Patino Mining Corporation, The  
Pine Point Mines Limited  
Placer Development Limited  
Potash Company of America  
Quebec Cartier Mining Company  
Quebec Iron and Titanium Corporation  
Rayrock Mines Limited  
Rio Algom Mines Limited  
Rycon Mines Limited  
Selco Mining and Development Limited  
Sherman Mine  
Sherritt Gordon Mines Limited  
Sigma Mines (Quebec) Limited  
Silverfields Mining Corporation Limited  
Siscoe Mines Limited  
Spooner Mines and Oils Limited  
Steep Rock Iron Mines Limited  
Sullivan Mining Group Ltd.  
Sunro Mines Limited  
Texas Gulf Sulphur Company  
United Keno Hill Mines Limited  
Upper Canada Mines Limited  
Western Mines Limited  
Willroy Mines Limited