The 1970s began on a positive note for the Chamber of Mines. Newly elected president Len White reported that 100 large companies and about 600 smaller ones were looking for new mines in Western Canada, including 50 oil-and-gas companies.

“We list 39 mines currently in production or close to it throughout British Columbia and Yukon, having a total throughput of some 140,000 tons per day,” White added.

On the list was a porphyry copper deposit on northern Vancouver Island found in 1963 by prospector Gordon Milbourne and optioned to Utah Construction and Mining. By 1969, Utah had enough resources to plan an open-pit mine.

Island Copper became a magnet for opponents, including Patrick Moore, a scientist and one of the original co-founders of Greenpeace. Through public hearings and the media, Moore and other environmentalists challenged the company’s plans for underwater storage of tailings to prevent acid mine drainage. Government scientists and fisheries experts concluded however, that submarine tailings disposal would be less harmful than land disposal (as would be confirmed by a study 24 years later) and the 50,000-ton-per-day mine began operations in 1971.

Island Copper was a harbinger of things to come.

**THE TAX MAN COMETH**

Meanwhile, the Chamber was busy reviewing a stream of proposed legislation with potential to curtail the mining boom. Prospectors, mining companies and Japanese firms with Canadian mining investments all expressed concern about “drastic” tax changes recommended by the Carter Commission.

Kenneth Carter, a Bay Street accountant, had delivered his six-volume report in 1967. It concluded that the tax system favored the wealthy and business interests over most workers, and called for taxation of capital gains and an end to certain tax write-offs and exemptions. A few years later, a White Paper by Edgar Benson, federal finance minister, was released on how they should be implemented.

The Chamber made strong representations opposing many of the proposed tax changes to a House of Commons committee in July of 1970, and again in September, when Tommy Elliott presented the Chamber’s views.

Other industries with concerns did the same. On the other hand, the proposed tax changes found favor with those seeking “a more fair distribution of wealth” in keeping with Prime Minister Trudeau’s promise of a “Just Society.”

In late 1971, the federal government passed a bill that acted on some of the Carter Commission recommendations. The three-year tax-free period for new mines was withdrawn, with earned depletion to take effect at the end of 1976. Prospectors’ gains from the sale of properties would be subject to capital gains tax,

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"The socialist hordes are at the gates of British Columbia!"
- Premier WAC Bennett, election-eve warning, 1972
although lottery winnings would not. It was a disappointing day for the Chamber.

OUTREACH

As negative newspaper and television reports about mining came to the Chamber’s attention in 1971, members were dispatched to rebut false and misleading claims. The Chamber reorganized its committees that year, with each having a chairman, and also established an education committee.

May Martin retired after 13 years of dedicated service to the Chamber.

In 1972, the Chamber reported that the gross value of BC mineral production had reached a record $521 million while Yukon production had increased by 21.3% to $94 million. It was noted that one major mineral deposit had a “far greater value per acre of land occupied than any other basic industry,” and that BC mines only occupied a small portion (0.025%) of the total land mass.

The industry hoped this positive message would be fairly considered by the Socred government, expected to win the 1972 election. But the Premier, now in his seventies, ignored hints that he should step aside to allow for party renewal.

Times had changed. A warning that “socialist hordes were at the gates” failed to resonate, and for the first time in 20 years, WAC Bennett was soundly defeated.

NDP SWEEP

Dave Barrett, a former social worker and leader of the New Democratic Party (NDP), became BC’s 26th Premier on September 15, 1972.

“We will now move into a people’s century in British Columbia,” he said.

The Premier wasted no time, passing a new law on average every three days while in power. He made it clear from the start that the days of “unfettered access to resources” by companies was over in the province.

Leo Nimsick, a former warehouse employee at Cominco’s Trail smelter, was appointed mines minister. He said no mining venture would be permitted to start up anywhere in BC if it contributed to pollution.

“The whole province has become a clean air zone.”

The mines minister also hinted that royalties would be coming to ensure that the treasury received its “fair share” of the exports of BC’s non-renewable resources.

“The era of the free ride is over in the province.”

Hart Horn, Nimsick’s influential assistant, met with the Chamber and said that it was not the government’s intent “to put a stranglehold” on the industry.

Yet later that year, Horn indicated that a wholesale revision of the Mineral Act was planned for 1973, to include increased claim recording fees, instituting an annual rental fee of $20 per claim, increasing the value of annual assessment work per claim to $300 from $100, among other measures.

Ed Scholz was elected Chamber president in 1973. Shortly after, the industry learned that it would be government policy not to allow staking and prospecting in parks.

Bill 44 — “An Act to Amend the Mineral Act” — was introduced in March of that year. It contained drastic changes as Horn had predicted, and it also gave government discretionary powers over mine development.

The Chamber passed a resolution declaring its opposition to the onerous bill and passed it along to the mines minister and to the press, resulting in wide publicity.

Others applauded the government’s moves, as this was a time when nationalization of foreign-built mines was taking place in Africa, Chile and other parts of the world. It would take those countries years to realize that such policies invariably result in less productive mines and fewer discoveries. Mineral exploration is simply too risky to be financed out of the public purse.
Another Dave Barrett shoe dropped on “Black Tuesday,” February 19, 1974, when his government introduced a “Mineral Royalties Act.”

Bill 31 called for a royalty of 2.5% of the “net value of every unit of a designated mineral” in 1974, rising to 5% in 1975, and a “super royalty” of 50% of the amount by which the gross value of a unit of a designated mineral exceeded 120% of the “basic value” of the unit. It also provided for a reduction in the royalty when basic value exceeds gross value and when smelting and refining takes place in BC.

Bill 31 also contained wide regulatory and policing powers. Minister Nimsick described it as “one of the most important” ever introduced in the legislature.

“I think it’s going to change the whole course of the mining history in the Province of British Columbia,” he said. “The uncertainty has ended.”

For the industry, the uncertainty had just begun.

Trying to boil down what the bill would mean to the bottom line wasn’t easy, as the calculation of “net,” “gross” and “basic value” was at the discretion of Cabinet. It also wasn’t clear whether the royalty would be deductible in calculating federal income tax, or provincial taxes for that matter.

But it was clear that Bill 31 would devastate the industry. An estimated 1,600 people packed the Hotel Vancouver for a special meeting of the Chamber of Mines in March, 1974. President Ed Scholz urged the government to amend its legislation, particularly Bill 31, and restore investor confidence in the province.
The Chamber and other industry groups also set up a “Mining Emergency Centre” and launched a fund-raising drive to oppose the detrimental legislation.

The press covered the battle between industry and the NDP, as well as the sparring over the issue in the Legislative Assembly. Nimsick slammed those opposed to the bill as “defending the mining companies against the people.” NDP critics said they were “defending the people against this government.”

Nimsick stuck to his guns, undeterred by reports that up to 5,000 people involved in mineral exploration had already left the province. Another bill was introduced in the spring of 1974, whereby placer mining would only be allowed on leases issued by his ministry, subject of course to Bill 31 royalties.

Elliott and assistant Rick Higgs were then spending 90% of their time fighting government policy. Almost $100,000 was raised to help this effort. A media campaign was under way to help the public understand the seriousness of the issue. And 5,000 “Mining—BC’s 2nd Industry” bumper stickers were printed and distributed.

Hundreds of prospectors, miners and others demonstrated against Bill 31 on the steps of the Legislative Building that year, with Chamber officials attending only as observers. Women and their children took part in the protest, carrying banners that read, “Don’t Make Our Men Lose Their Jobs.”

The Mineral Royalties Act was proclaimed in the fall of 1974, retroactive to the entire year for tax purposes. The “basic values,” as designated by Order-in-Council, were 58 cents for copper, $3.00 for silver, $82.50 for lode gold (placer gold was not designated) and $1.76 for molybdenum. Other minerals were not yet designated.

The Chamber continued the Bill 31 fight into 1975, when Robert Sheldon of Newmont Mining was elected president. Tommy Elliott, having reached 65 years of age, announced his retirement, with tributes pouring in from far and wide.

“NEW MATH”

Newly appointed manager Rick Higgs picked up the torch to help the beleaguered industry, which just learned that provincial royalties would not be deductible in calculating federal income tax. With help from Ron Stokes, large colored cardboard charts were prepared showing the distribution of mining revenue from a pound of copper before Bill 31, after Bill 31, and the effect of the new federal tax ruling.

Higgs and Stokes were dispatched to Victoria to make their case. Their charts were used by opposition members to reveal flaws in Nimsick’s math.

Before Bill 31, the distribution of mining revenue from $1-per-pound copper showed a distribution of 16 cents for the company and 14 cents to the two senior levels of government, after production costs of 70 cents, including transportation, smelting and refining.

After Bill 31, and using the same copper price and production cost assumptions, BC’s portion increased to 23 cents, the mining company’s share was cut to five cents, and the federal portion was 1.94 cents.

By not deducting provincial royalties in calculating federal tax, BC taxes and royalties would be 28.15 cents, the federal portion would be 7.5 cents, and the company would lose 6 cents per pound of copper after production costs.

Minister Nimsick’s response was: “You can’t get 118 out of 100.” The point was made, penny by penny, in a way that politicians and the public could understand — no industry could survive an effective 118% rate of taxation.

BC government officials later invited the Chamber and industry representatives to discuss “possible amendments” to some legislation. No progress was made as the NDP gave the impres-
sion that it intended to be a “backseat operator” at every mine.

The NDP government did not change course, but took heat for the exodus of mining and exploration capital from the province. Exploration spending fell to $15 million in 1975, down from $38 million in 1972.

The Chamber also fought hard against federal policies that threatened the investment climate of the northern territories.

"ZAP! YOU'RE FROZEN"

BC’s mining industry was caught between a rock, the onerous royalty and regulatory regime in BC, and a hard place, a deteriorating fiscal regime at the national level.

In the 1972 federal election, Trudeau’s Liberals were reduced to a minority propped up by the NDP. Two years later, the House of Commons passed a non-confidence motion in the Trudeau government and defeated its budget bill.

The economy was in crisis, partly because of high crude oil prices and competition from low-cost manufacturing economies in Japan and Korea, and partly because of hyper government spending. Canada was gripped by “stagflation,” characterized by high inflation rates, slow economic growth, and high unemployment rates.

Trudeau won the 1974 election with a majority by vowing not to impose “wage and price controls,” as advocated by Conservative leader Robert Stanfield to fight inflation rates, then exceeding 10%.

Trudeau mocked the idea, saying, “You can’t just say ‘Zap! you’re frozen.’” But as inflation continued to rise, Trudeau instituted wage and price controls in October of 1975, administered by an Anti-Inflation Board.

The program was as much hated by labor unions as it was by business leaders.

Premier Barrett independently froze prices of essential goods and services and transportation and utility rates in BC. He also called for the “gradual nationalization” of Canada’s non-renewable resources, to the dismay of the other western premiers.

UPS AND DOWNS

A positive interlude in these years was a decision by Teck Corp. to place the Afton mine into production, and also build a smelter capable of processing 25,000 tons per year of copper concentrates. Chester Millar had staked the prospect in the mid-1960s, and applied percussion drilling used in highway construction to test its potential, resulting in a copper-gold discovery.

Robert Hallbauer, then vice-president of Teck, encouraged the company to acquire 51% of Millar’s junior, Afton Mines, on the open market. This was later increased to 74% through a financing deal. The open-pit mine began operations in 1978.

The Mining Museum at Britannia Beach opened in 1975. Charles Ney died that year, prompting the Chamber to improve and name its library in honor of his years of service, notably at the prospectors’ training school.

Premier Barrett called a snap election in late 1975, and lost, including his seat, when the revived Socreds won a strong majority under new leader Bill Bennett.

Tom Waterland, the new mines minister, wasted no time in repealing and revising the most onerous aspects of the NDP legislation.

In the 1979 federal election, Pierre Trudeau’s government was defeated by the Progressive Conservatives led by Joe Clark, who formed a minority government. Soon after, Trudeau announced plans to resign as Liberal Party leader.

Investment returned to BC, with Kaiser Resources and Denison Mines advancing coal projects. But uranium exploration came under threat as anti-nuclear groups sought a ban on the sector. The Chamber submitted technical information and briefs for a Royal Commission set up to examine the contentious issue.

By late 1979, the political landscape in Ottawa changed again. After a series of policy mishaps, Clark’s minority government was defeated by a non-confidence motion. Trudeau was persuaded by his party to stay on as leader and fight Clark again, which he did, winning a majority in the February 1980 election.

After these topsy-turvy years, it was hard for anyone to predict what might lie ahead in the decade to come.
As Chamber president in 1979, Don Mustard was involved in preparing submissions to a Royal Commission studying the contentious issue of uranium exploration and mining in BC. To the surprise of the Chamber, the government under Premier Bill Bennett imposed a seven-year uranium moratorium in early 1980.

“We sent a telegram to Victoria, asked for a meeting, and got one,” Mustard says.

The delegation entered a Cabinet room where the Premier sat, surrounded by his ministers, seniors in chairs and juniors lined up along the outer walls.

“Gentlemen, this is my decision and it’s not going to change,” the Premier said.

“Where do we go from here?”

Some people might be intimidated, but not indomitable Don.

“We understand your position,” he replied cheerily in his Scottish brogue, “but it’s not a rational decision. Where do we go from here?”

Nowhere, as it turned out.

Several advanced uranium deposits were in the Premier’s Okanagan constituency and it was soon obvious that he did not want uranium exploration or mining anywhere near the apple orchards and vineyards of the bucolic region.

Mustard argued that it would be better to mine them out than leave them there.

“We went at it for about an hour, but nothing was going to change.” Mustard said.

In 2008, another uranium moratorium was imposed, this time with no deadline.

A reporter called Mustard, asking it was “safe” to allow uranium mining in BC.

“I suggested they talk to the Mines Minister in Saskatchewan,” Mustard replied.

“They’ve been at it quite a while there.”

Don Mustard  Photo Credit: AME BC