



January 4, 2016

Hon. Bill Morneau, Minister of Finance
90 Elgin Street
Ottawa, Ontario
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Sent via email: bill.morneau@canada.ca

Hon. James Carr, Minister of Natural Resources
580 Booth Street, 21st Floor
Ottawa, Ontario
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Sent via email: Minister.Ministre@NRCan-RNCan.gc.ca

Dear Ministers:

We are writing on behalf of the Mining Association of Nova Scotia, Mining Industry NL and the New Brunswick Prospectors and Developers Association to respectfully request that the Government of Canada re-add mining to the Atlantic Investment Tax Credit (AITC). Doing so would help Atlantic Canada's mining industry grow and create jobs for Atlantic Canadians.

Background

Mining was eligible for the AITC since the 1970s but was dropped from the program in the Harper government's 2012 budget. We respectfully suggest that this decision was based on a flawed understanding of Atlantic Canada's mining industry, and how different it is from Alberta's oil sands.

The federal 2012 budget offered two faulty rationales for dropping mining from the AITC:

It suggested that Canada's *"oil & gas and mining sectors have generally been performing well, and investment by these industries in the Atlantic region is robust and growing."*¹ This was not true in 2012 and it is not true today. Atlantic Canada's mining industry continues to struggle with job losses, low investment and reduced production volumes. We need the support of the Atlantic Investment Tax Credit.

¹ 2012 Government of Canada Budget Plan, page 118, <http://www.budget.gc.ca/2012/plan/toc-tdm-eng.html>

The 2012 federal budget went on to state: *“The change will help improve the neutrality of the tax system for the oil & gas, and mining sectors across Canada and constitutes further action by Canada in support of the commitment by G-20 Leaders to rationalize and phase out inefficient fossil fuel subsidies over the medium term.”*²

This is clearly a reference to “mining” in the oil sands in Alberta and subsidies for the energy sector, not the mining we do in Atlantic Canada. The 2012 budget mistakenly lumped our industry in with Western Canada’s oil and gas industry even though we do not receive “fossil fuel subsidies.”

The Liberal Position

We note that the Hon. Scott Brison, MP for Kings-Hants, criticised the Harper Government for dropping mining from the AITC in its 2012 budget: “It also would kill the Atlantic investment tax credit for oil, gas and mining at a time when the Atlantic Canadian economy is still facing significant challenges.”³

Also, Anna Gainey, President of the Liberal Party of Canada, wrote to us on September 17, 2015, to highlight the Liberal Party’s opposition to dropping mining from the AITC: “Liberals opposed this change when it was announced in Budget 2012 and voted against the anti-democratic Conservative omnibus legislation to implement it. The elimination of the AITC is yet another example of the Conservative government refusing to be a true partner for the provinces. A Liberal government would end this cynical approach, and work in collaboration with the provinces and stakeholders to help our industries innovate and invest for 21st century prosperity.”

We now respectfully request that the new Liberal government follow through on its opposition to the Harper Government’s decision and reverse it. Restoring the program’s application to the mining sector and keeping it at 10 per cent will be received as a strong signal of your Government’s commitment to helping our industry grow and create jobs, particularly through this difficult period. Such actions can spur economic activity in the sector while also benefiting direct and indirect employment and small business growth in communities throughout Atlantic Canada.

² 2012 Government of Canada Budget Plan, page 118, <http://www.budget.gc.ca/2012/plan/toc-tdm-eng.html>

³ October 26, 2012 Hansard, <http://www.parl.gc.ca/Content/HOC/House/411/Debates/170/HAN170-E.PDF#page=34>



Conclusion

We respectfully request that Government of Canada once again make the mining and quarrying industry eligible for the Atlantic Investment Tax Credit in the 2016-17 budget to help our industry grow and create jobs.

Thank you for your consideration.

Yours truly,

A handwritten signature in black ink, appearing to read 'Sean Kirby'.

Sean Kirby, Executive Director
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A handwritten signature in black ink, appearing to read 'Ed Moriarity'.

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A handwritten signature in black ink, appearing to read 'Elisabeth Spatz DiVeto'.

Elisabeth Spatz DiVeto, President
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Cc: Atlantic Liberal Caucus