

McGill talk

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Further thoughts re McGill talks.

1. Let prices rise, if that is result of fair taxes.
Low prices are wrong way to distrib. surplus.

2. Opt. expl. effort is much less than value of findings.

3. Divide into grids of small parcels, esp. at hot spots.
After a few finds, put up the rest for auction.
If there is a good neighboring find, explore it yourself first.

4. If govt. reserves much of other land, it is ok to subsidize expl. on a few parcels, to get spillovers. But then, why not just pay to have govt. land explored direct?

5. Is OK for govt. to share invt. bcs. it will also share in receipts, provided:

a. There is an efficient way. But this requires that govt. keep watching, auditing priv. firm, and also letting priv. firm make the decisions.

b. There is still a tax rate applied, same as in all indy, and as high as or higher than on wage inc.

c. Govt. also collects rent for its land.

6. Avoid setting up conflict of interest between govt. & priv. firm. Golden key to all taxes, leasing, etc.

Is no perfect way, but some are worse than others.

E.g.

— don't give priv. firm cheap option on huge reserves w/o any carrying cost, & w/o any o.c. within, i.e. no saleable right.

— no "specific" royalty. Crown ~~either~~ doesn't get its equity at all if $\text{in situ value} < \text{royalty}$. And even when

$1SV > R$, still don't get right timing for crown, bcs. crown eq. doesn't grow, hence to max. PV produce incurred, while priv. equity grows at a highly leveraged rate.

— ad valorem royalty is better, but is still based on gross value, not net, so poses both of above problems only slightly improved.

7. So, let miner deduct his costs as he mines — a deple. allowance limited to cost, and w/o gimmicks. Then, renegotiate.

8. Govt. contracts out expln. to low bidder, on these terms:

Contractor divulges info. (I guarantee it.) Then Crown sells tract to high bidder, (deferred bonus basis mainly, plus ~~share~~ participation)

7. (Revised). Deplen. in USA, is recovery of land cost. My recommended deplen. is for recovery of K.

✓ Deplen. in Canadian tax, does it make sense? They already expense K, and the land is not theirs.

9. Royalties slow produ. To offset, let rate rise each yr. by about $\frac{1}{2}\%$.

Then when mining stops, lease ends. Re-auction to high bidder, start again.

10. Coal, B.C., permits cover 100,000 acres or more. Licence ~~permits~~ specs. w/o any carrying costs.

11. Tax subsidy to expln. the product is not cash, hence not taxable.

It accrues more before produ. and that not taxable either. Then, a deplen. allowance.