

Adjournment Debate

I have given the context of how important forestry is in this little recitation so that people will understand that any policy that is developed where it cuts back on anything that goes into the forest region is going to hurt, and hurt drastically, a major sector of Canada.

The Forest Resource Development Agreement that has just been negotiated with the province of British Columbia cuts the funds in those areas from \$300 million in the first five years, as a joint agreement, to \$200 million in the next five years, a cut of \$100 million. The Forest Resource Development Agreement helped in many ways; not only did it create employment but also it cut back on the not sufficient restocked areas, it assisted in spacing and fertilization of overgrowth and new areas of development within the forest area, as well as silviculture and replanting.

A major area also in my riding is silviculture. In Oliver, British Columbia, for instance, we have a major silviculture establishment that depends on that Forest Resource Development Agreement progressing substantially. So it is rather unfortunate that that has been cut back.

In the goods and services tax area, Mr. Speaker, the government tells us that the goods and services tax will be good for the area. Yet the industry tells us that it is not helping; in fact, it is hurting them in many different areas, including the taxation on their fuels is increased.

A recent initiative by this government with respect to marine user fees came under attack by the Council of Forest Industries of British Columbia in a recent letter of February 25.

They point out the folly to the industry in this user-fee area and they advise that users should not have to fund insufficient services, that there is no accountability to the users of the marine or air facilities that they will be charged for. Once again, an added cost to the forest industry.

One of the major areas that sticks in the craw of the foresters in my region and across Canada, of course, is the memorandum of understanding between Canada and the United States. It appears that this understanding restricts our own management of our forests. The documents show that the United States must approve many of the changes in Canadian forest policy. At present we know that the United States has sent at least 64 directives to Canada since the memorandum of understanding was signed.

All of these things, whether it be FRDA, the goods and services tax, the social housing costs, the increase in unemployment insurance, whether it be the initiatives to have users pay in the marine area, or whether it be the cuts in the Canada Assistance Plan or Established Programs Financing. All of these things filter down to the forest industry through taxation and property taxes.

The forest industry is important to Canada. We must properly look after that industry.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, our producers and distributors in the lumber industry certainly depend on their capacity to sell their products on export markets. The GST will put them in a better position to compete efficiently on the world markets. Also, it will increase their competitiveness on our domestic market.

The multi-stage GST will totally replace the export tax. Like any other business, exporters will recover all tax paid on their purchases. That will decrease their operating costs in Canada and improve the performance on export markets.

The GST also helps the Canadian lumber industry save a lot. It does not create any problem to our lumber producers and distributors. It really gives them the opportunity to expand their business and create more jobs in Canada.

Early in 1990, Mr. Speaker, some lumber wholesalers expressed concerns about their cash-flow situation, because of the tax they were paying on the wood purchased to resale on the international market. Our government listened to them, as we always do, Mr. Speaker.

Nowadays, registered exporters can buy zero-rated lumber in Canada to sell on foreign markets, which should satisfy the needs of the industry.

If my hon. colleague ever wanted more details on this subject, I would recommend that he look at the Interpretation Bulletin B-044 of February 1, 1991, issued by Revenue Canada.

One of the main flaws of the previous federal sales tax scheme was that it charged a large hidden tax on our exports. That situation increased costs and made our exporters less competitive than it would have been the case otherwise. The hidden tax on exports accounted on