exempt under the Schedule in Bill C-37. If the softwood lumber was going directly from the exempt mill into the United States then it would be exempt all the way.

What I am attempting to do is not to increase the scope. All I am attempting to do is ensure that those wholesalers who move ribboned lumber, lumber which has been sawn in an exempt mill, held temporarily on their site but which is going to the United States, are not required to pay the 15 per cent export tax because that wood was, and always is throughout its movement to the United States, exempt.

In Subclause (4) I am not attempting to expand the scope. What I am attempting to do particularly is in relation to the border mills. It refers to trees that are grown in the United States and harvested there and for which the U.S. countervailing action never sought to go after. The Americans have never contended that their stumpage system was subsidized. That wood is brought into Canada, milled in Canadian mills, principally the 13 border mills in the Province of Quebec, and then as it goes from the site or from a wholesaler back into the United States it is presently subject to the 15 per cent export charge.

I have been through the Memorandum of Understanding with a fine-tooth comb. I am unable to find language which leads me to believe that either our negotiators or the American negotiators ever intended, because it was not put into the Memorandum of Understanding, to catch either this wood from the Quebec mills that was grown in the United States, or to capture our wholesalers who were simply temporarily, and at times not even physically, holding the wood. They would simply order the wood from an exempt mill. It would come through. They would ribbon strip it for their buyers in the United States. So I do not believe, from my understanding of Citation 523, that either of these two subclauses would expand or exceed the scope.

I also do not find wording in the Memorandum of Understanding, or as a result of the extensive committee hearings which we held for six weeks, that these commodities and these Canadian businesses were intended to be captured by the 15 per cent export tax.

If you could have another look at this matter, Mr. Speaker, it would be helpful. I think the cost being added on, both to the border mills and to the wholesalers, is inappropriate. This is the only way that Bill C-37 can be remedied.

Mr. McDermid: Mr. Speaker, I rise on the same point of order. I admire the ingenious way in which the Hon. Member for Skeena (Mr. Fulton) got his point to the floor of the House of Commons after it had been ruled out of order by the Speaker. I can tell you, Mr. Speaker, that because it is not in the Memorandum of Understanding we cannot create other issues. That would be in violation of the memorandum of understanding, something which the Hon. Member understands and knows.

He also understands that a commitment was made by the Minister and by her staff members that these points would be raised in negotiations with the Americans once this Bill is under way and passed. The ruling is accurate. The amendments would increase the scope of the legislation. Therefore the Memorandum of Understanding stands and the rulings are correct.

Mr. Axworthy: Mr. Speaker, I rise on a point of order. I wish to go back to Motion No. 1. The Parliamentary Secretary who is in the Chamber will recall that during the committee hearings I raised a question as to which took precedence, the Indian Affairs Act or the Income Tax Act. Under the Indian Affairs Act, natives on reserve land or in the territory of band councils are given exemptions from provisions of the Income Tax Act. We had asked for a ruling by Revenue Canada which I think would go to the whole point of the amendment that we presented. We are trying to help the Government to be legal and not to abrogate or to eliminate provisions of the Indian Act which, in my understanding, might take precedence over this particular proposal dealing with an imposition of a tax upon native or aboriginal peoples. I am wondering if at this time the Parliamentary Secretary is in a position to provide us with the ruling from Revenue Canada.

• (1600)

Mr. McDermid: Mr. Speaker, I can make inquiries in that regard. I do not have the ruling with me at this particular moment. Certainly, I think it can be obtained fairly quickly.

Mr. Fulton: Mr. Speaker, on the same point of order, I would ask the Chair to reflect for a moment on the point just made by the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy).

The Chair is ruling Motion No. 1 out of order on procedural grounds. The point raised by the Hon. Member for Winnipeg—Fort Garry is fundamentally important. I was in attendance when the Hon. Member raised the point during committee consideration. I believe the Deputy Minister for Revenue Canada was in attendance. That was on March 23 last, some seven weeks ago now. The Government has had sufficient opportunity to find out whether or not the Indian Act, in terms of this particular taxation matter, is a more powerful piece of legislation.

The attempt here is simply to protect aboriginal people who might in some way now, or in the near future, be operating logging operations, harvesting operations, sawmilling operations, and particularly where they are exporting lumber to the United States.

Certainly Revenue Canada is abundantly aware of the ruling of less than a year ago, the famed Nowachut case; and certainly I am sure the Parliamentary Secretary is also aware of the March, 1987 ruling of Revenue Canada in relation to aboriginal peoples, status Indian and Inuit people in Canada, pursuant to which it is no longer simply the case of their being employed on or paid on reserve lands where they do not have to pay taxes, whether export taxes, or otherwise, but where the moneys are paid to an establishment on the reserve.