

APPENDIX No. 4

would bring the royalty to an average of about 75 cents, would be effective for five years, and after that date the Government would take, as additional royalty, from 25 to 40 per cent of the increase in the wholesale selling price of lumber over \$18—the idea being that with the high cost of carrying timber in British Columbia, the length of time that a great deal of it would necessarily be carried, and the cost of manufacturing, the lumbermen should take what profit he could get when the price was \$18, paying, of course, his royalty of 75 cents, but after that period was reached the increase in price should be shared between the Government and the operator. It is, I believe, a new principle in dealing with timber. I think it has been applied to some extent in the United States, but there is the first introduction that I know of in Canada.

By Mr. Thoburn:

Q. Does that do away with royalty?—A. No, the fixed royalty by statute remains. We did not raise the royalty on No. 3 logs. We grade all the logs, the idea being to get the operator to take No. 3 logs out of the woods, because there is not so much money in them anyway.

Q. What is the royalty under the present law?—A. 85 cents on No. 1 and No. 2 and 50 cents on No. 3. The average will be about 75 cents on all timber, and that royalty will stand always as a base royalty, which is never reduced and is only increased about \$18. Then, supposing lumber is \$20 the Government will take say, 40 per cent of that \$2, 80 cents, and add it to the existing royalty, the idea being that under the license system the Government is interested in the increment of the timber, and that interest will be exercised, and an equity will be taken when the selling price of lumber shows that timber is increasing in value.

By Mr. Charlton:

Q. That 40 per cent is now on all classes of lumber?—A. The average of all classes of lumber.

Q. It is 25 per cent?—A. I was shortening the explanation up a little. It is 25 per cent for the first five years, 30 per cent for the next five years, then 35 per cent, and then 40 per cent. This legislation covers a period of the next forty years.

Q. It runs up to 1954?—A. It runs up to the end of 1954, yes. I do not know if there is any further information that I can think of at the present time that the committee will be interested in, but I shall be glad to answer any question.

Q. How do you get the average price of lumber? There is a certain royalty up to \$18. How do you get at the average price?—A. The Royalty Bill provides that the officers of the Government shall have access to all sale records of all operators in the province, and a staff of accountants will be engaged to ascertain the average price.

By Mr. Thoburn:

Q. Apart from the timber is there much agricultural land in your country?—A. There is a large area, particularly along the Grand Trunk Pacific and around Fort George. It is pretty hard to say just how much agricultural land there is. There is agricultural land in every valley, but it is almost impossible to say what the aggregate area of these valleys would be. It depends upon how high they find it possible to grow crops on the slopes.

By the Chairman:

Q. Are these lands sold to settlers outright?—A. In some sections of the province the remaining public land is held for pre-emption; and in other sections, the section west of the 124th meridian, I think it is, and north of the 51st parallel the land is open for sale.