

*Interim Supply*

Bill 89, has never been implemented to force these particular companies who hold timber limits to carry out regeneration policies. You are probably asking what this has to do with the federal government, and I want to come to that. Whenever pulp and paper companies make these representations they go to the premier of Ontario, and the premier nearly always says that, of course, the difficulty really does lay in Ottawa. He has said this often enough now for the pulp and paper companies to believe they are being overtaxed by Ottawa and, as a consequence, are not in a position to carry out responsibilities relating to forestry and silviculture. As a consequence of this position being reiterated at meetings of the pulp and paper research institute, the Canadian pulp and paper association and the Canadian institute of forestry, the appeal is made then to the federal government on this basis: You take the lion's share of taxation out of this industry; it is the most important industry in the country, and you bear a very large responsibility in so far as putting some of that money back into the forest regions is concerned in order to encourage regeneration and reproduction, natural or artificial, of the species.

The Minister of Northern Affairs and National Resources recognized at least the possibility that these arguments might contain some truth, and last year during a committee meeting he gave a promise that he would have a report prepared on this particular aspect. I understand he has indicated a report was prepared. He received a memorandum from his officials who went into the subject, and this memorandum was passed around amongst the ministers and officials of other departments, we presume the Minister of Finance and his deputy minister. It seemed odd to me at the time, and this is where I made a misinterpretation, that if the minister of northern affairs gave the assurance there was going to be a study by government officials on taxation as it affected the pulp and paper industry, then surely the department that would be most interested would be the minister who is with us today, the Minister of Finance.

However, it turns out his department may have given some continuing study to the subject, but the department played no fundamental part in the matter. This is, to me, a serious fault. I understand that the minister of northern affairs is not satisfied with the report he got. He has referred it back and is going to attempt to get another report. I should like to know what the Minister of Finance plans to do in this particular field. If the minister of northern affairs recognized

[Mr. Fisher.]

the need for such a study, why does not the Minister of Finance? One of the difficulties that was discussed a short time ago with reference to the pulp and paper industry in Newfoundland is that the pulp and paper companies there play a very large part in the economy of that province, and that they are not doing too well because of high wood costs. We assume that one of the other large cost items would be high taxation costs.

Actually, the situation in Newfoundland, as compared with the situation in northwestern Ontario, is almost ridiculously different in terms of costs, wood costs and transportation costs. In our part of the country, where you have many more pulpmills than you have in Newfoundland, these costs are much higher than they are in Newfoundland, but our mills do not put on such a poor mouth as these particular mills in Newfoundland do. We have assumed that since all these industries and corporations are crying the same thing, that is the difficulty in competing in world markets for newsprint and paper, they have a point which should be considered by the government of Canada and especially by the Minister of Finance.

One of the things that has intrigued me about this is the unpopularity of the Minister of Finance in these particular circles. I have discovered he is certainly no great white hero to this particular industry. They feel that this particular government, judging by the comments they made in annual reports and as quoted in the newspapers, has taken a very short term view. You may take it, Mr. Chairman, that I am speaking in the interests of these pulp and paper companies. Heaven forbid that I should be identified completely with the Anglo-Newfoundland Development Company, the Bowater corporation or any of these other British colonial corporations. We do feel, however, that it is essential we have this kind of taxation study so that we will get a realistic idea of whether or not these corporations can afford to carry out proper forestry policies. This is coming at it from a different point of view completely. It is the point of view that we have renewable resources in our forests, the majority of them are crown lands, and that some of the revenue that comes from these crown lands must go back to see that they continue at a certain standard.

I feel the minister should give some serious undertaking that such a study will be commenced. The problem is definitely complicated by the fact that the provincial governments involved all seem to have the same view—this of course stems from something that has been repeated ad nauseam in connection with all types of provincial-federal relations—that the federal government takes