

*Supply—Forestry*

bring us many millions of dollars. Further north, in Labrador, there is one of the great forests not only of eastern Canada but of North America, perhaps one of the greatest forests in the world.

This summer the Minister of Forestry visited Newfoundland. I was fortunate to be able to be with him in Grand Falls, Gander and the Goose Bay area. After watching him and the officials with him, both from his department and from the provincial department of resources, I came to the conclusion that we had a minister who knew the woods and the trees and could see both, and that the officials who were with him from Ottawa and St. John's were men of high ability and deep dedication. It was my pleasure to accompany the minister as we flew up the valleys of the Goose river and Hamilton river, where he saw for himself, as I have said, perhaps one of the greatest stands of timber in the world. I know of his interest in the woods industry and in timber, and that he and his officials will do their best in this new department, which is so important to Canada's greatest industry.

I listened with much pleasure and interest to the speakers who followed the minister, as they covered the industry on a national scale. I feel that all members of this committee are deeply interested in this great industry and that the good will of all go to the Minister of Forestry as he endeavours to promote, both at home and abroad, an industry which means so much to so many thousands of Canadians.

I would ask, speaking now provincially and perhaps locally, that he bear in mind the particular problems in the district I represent. One of the great problems we face in Newfoundland is the development of Labrador timber, where a short shipping season heretofore has discouraged the development of these huge forests. However, perhaps the introduction of these huge new barges which we produce on the west coast, and the lengthening of the shipping season through the judicious use of icebreakers in Hamilton inlet, may together bring forward this development which is bound to take place. If the new Minister of Forestry and his officials can hasten this development they will have done a great service not only to the province of Newfoundland and to Labrador, but to all Canadians, who would benefit from the trade which would result.

There are very good reasons other than the general economic ones why such a development in Labrador is desirable. I think it may be said that most of the population of the Goose Bay area depend upon the defence installations there for their livelihood. Although

[Mr. Granger.]

there is no indication at present that these bases are to close, or anything like that, it is wise to look ahead and consider possible alternative employment should the need arise. The proximity to Goose Bay of these huge forest reserves must make all of us realize the desirability of preparing for development there. This may become desirable for the sake of economic growth generally and, in particular, for the sake of the people who live in this area. The province, also, would benefit because there is no doubt the development of the timber industry in this area would lead to a significant increase in the production of pulp and paper in Newfoundland.

With these few remarks I will cease, once again wishing the minister and those who work with him well, as they seek to serve Canada by improving its greatest industry.

**Mr. Kennedy:** I should like to hail the minister as a former maritimer. As one who grew up among the trees in Nova Scotia, I know that once having been a maritimer he will always be a maritimer at heart. I have a series of questions to direct to the hon. gentleman concerning the application of sales tax on machinery used for production, and on lumber. I hope my questions will not embarrass the minister. I have no doubt he has heard something about the subject from the lumber industry, as have most of us. This tax will, in time, increase the cost of production and I am wondering what effect it is likely to have, in the minister's view, on competition with other building products. What effect will it have on our exports of lumber? Will it cause some diversion of demand from wood products to other building materials? Also, what effect is the tax likely to have on the small operator whose administrative ability to handle this new tax is limited? I should be glad if at any time while the estimates are before the committee the minister would be good enough to answer these questions and make some comments on this subject.

**Mr. Nicholson:** Perhaps before replying to the other hon. members who have spoken in the debate I could answer the particular questions put by the hon. member for Colchester-Hants. The simple answer to his question is that the other competitive building materials are paying the same tax, so the reimposition of this 11 per cent sales tax has left the forest products at no disadvantage from a competitive point of view.

**Mr. Kennedy:** I realize that, but the other building materials were taxed before. This is new to the lumber industry.

**Mr. Nicholson:** The 11 per cent applies to all building materials. It had been removed