

fact that they were already paying the highest stumpage fees anywhere in Canada.

Since there has already been a diversion of softwood lumber which would normally be exported to the United States from Quebec, and since the 15 per cent tax has been put on that lumber, they are now undercutting the local New Brunswick and Nova Scotia markets.

Would the Hon. Member care to comment on that? Would he tell the House whether he has had any representations made to him by producers in Nova Scotia and New Brunswick?

Mr. MacLellan: I thank the Hon. Member for Egmont (Mr. Henderson) for raising that point; I forgot to mention it.

I received representations today from an association in Nova Scotia on that particular point.

The Acting Speaker (Mr. Paproski): The time provided for questions and comments has now terminated.

Mr. Lorne Greenaway (Parliamentary Secretary to Minister of State (Forestry and Mines)): Mr. Speaker, I take it we are now on 10 minute speeches.

The Acting Speaker (Mr. Paproski): That is right.

Mr. Greenaway: Then I can throw away the first half of my speech; the second half is the best, anyway.

Now we can cut out a lot of the rhetoric and get down to the point of this debate. The only thing I could say relating to the first half of my speech would be: I wonder what opposition Members would have been saying for the last two days if they had awakened on December 31 and discovered that we had wound up with a 20 per cent tariff and all the money going to the United States because we had not negotiated. I throw that out for what it is worth. We were caught in a tough position. I think we got the best of the deal as it was laid out to us.

As industry representatives said to me last week in Vancouver, "It is done. It is over. Let us get on with it". I think that is what Canadians want us to do now. They want us to put it behind us and get on with trying to make what we have work.

The Hon. Member for Egmont (Mr. Henderson) asked a very good question. There are about 350 sawmills in Nova Scotia. It is basically a domestic market. They are justifiably worried. If provinces with lower stumpages start shipping lumber to the East and it ends up in Nova Scotia, it will devastate that province.

That is one of the reasons the Minister of State for Forestry and Mines (Mr. Merrithew) set up the Council of Forestry Ministers. I pay tribute to him for that. It is probably the most significant thing he has accomplished so far in that the Ministers of Forestry will be meeting on a regular basis.

I happened to attend a meeting with them in Vancouver two weeks ago, and I was amazed at the goodwill between provincial and federal Ministers. They elect their own chairman, and

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the federal Minister sits as a member. They are now being called upon to work out some of the difficult details. It is not very difficult to collect it, but they are trying to work out all the problems over and above the problems caused by the implementation of the tax.

Hon. Members should know that in the determination which came down in October the commission found that 14.5 per cent of the 15 per cent tariff levied was due to a stumpage subsidy. This says to Canada that stumpage is the problem. The federal Government is caught in a position where it does not want to impose a tax on a provincial resource. Naturally we would like to get out of it as quickly as possible, but it will not be easy.

Someone mentioned earlier tonight that with the export tax there will be a \$550 million per year levy on the industry. However, if we try to swing that over to stumpage, it will be over \$800 million. If that were imposed upon the industry, it would be very disabling.

My own constituency produces 10 per cent of the softwood in Canada. The interior of B.C. ships 80 per cent of the softwood out of that province. If anything over 5 per cent of that 15 per cent were switched over to stumpage, it would be very dislocating. They could not take much more than that. They feel their stumpage system is pretty fair. I agree with them. I have looked into it very closely with an accountant friend and I think the interior of British Columbia—and there are two different stumpage systems—is paying its fair share.

I am glad the Council of Forestry Ministers is in charge of looking after this very difficult and perhaps impossible situation. Who should know better, other than perhaps industry with whom they will be in close consultation, as to how to work out the percentage stumpage increases versus export tax? As we know, there are some provinces paying high enough stumpage now and should not be asked to pay any more. It is not going to be easy. We have problems with some of the "Reman"—the manufacturing people. They were here to see us today. I think they saw all Parties. We do not say we do not have problems, but that too will have to be worked out with the council and with External Affairs. Hopefully we can renegotiate some of those inequities.

● (2020)

I think we are all very concerned about where the \$550 million is going. We have heard what Ontario is going to do with its portion. The Minister of State for Science and Technology (Mr. Oberle) came up with a very interesting proposal tonight. He suggested that my Province of British Columbia might look at something like a heritage fund and use some of the money to reforest and get into some permanent silviculture programs.

Mr. Waddell: Can we do that?

Mr. Greenaway: I would hope we could. We cannot impose our will upon the provinces.