

APPENDIX "C-91/1"

T. E. Culham
Vice-President, Transportation

File: 200.2

December 14, 1990

The Chairman
Legislative Committee on Bill C-91
Financial Administration Act Amendment
House of Commons
Ottawa, Ontario

Dear Sir:

The Council of Forest Industries of British Columbia (COFI) welcomes the opportunity to present its views on the user fee provisions (section 19) of Bill C-91, *An Act to amend the Financial Administration Act*.

Members and affiliates of COFI represent 90 percent of the total value of forest production in B.C. In 1989, the value of B.C. forest product exports exceeded \$10 billion. Approximately 30 percent of the labour force in B.C. is employed either directly or indirectly in the forest sector amounting to 250,000 jobs. The B.C. forest industry is facing a gloomy outlook. Profits in the first half of 1990 have already fallen by 40 to 50% from the same time last year. It is also anticipated that the financial conditions for the coming year will deteriorate. Over 6,000 employees have already been affected by layoffs or permanent job loss. Within this context, COFI members are concerned that the imposition of any user fees for services provided by the federal government take into account their full impact on users and other interested parties.

COFI is concerned that an opportunity is being missed to provide in the legislation for several improvements to existing mechanisms respecting the design and implementation of user fees. In particular:

1. Ongoing consultation with users is not formalized.
2. There is no legislative requirement to consider the impact of proposed user fees on the competitiveness of industrial users.
3. There is no limitation on Ministerial discretion in the application of different user fees to different classes of users for the same service or use of the same facility. It may be desirable that any exemptions for certain classes of users for a given service be based on transparent criteria specified in the legislation.
4. There is no legislative requirement to ensure that users are protected from funding inefficient or overbuilt crown operations.