

The foreign export of forest products totalled in value \$73,105,000. This includes pulp and paper products, logs, poles, piling, pit props, railway ties, lumber and lumber products. These exports were shipped waterborne or by rail to points outside Canada. They do not include exports from British Columbia to other provinces. If such exports, that is to other provinces, were included, the total must be raised by another \$27,000,000 in order to include the exports to the prairie provinces and to eastern Canada. That would bring the grand total of all the exports from the forest products to over \$100 million. In this distribution of earnings from the conversion of timber assets during the war, direct revenues to the province in 1942—I take that basic year—totalled \$4,268,000, but the dominion government also benefited greatly. On the basis of forty per cent of the total income of the province in forest income—that is generally accepted—this would indicate a dominion tax bill of \$60 million contributed in the aggregate by individuals and firms directly and indirectly connected with the forest industries.

Evidence presented before the provincial royal commission under the chairmanship of Chief Justice Sloan showed that over a period of five years the dominion government collected in income taxes and in excess profits tax \$1.57 for every dollar of direct forest revenue collected by British Columbia. In other words, during the past five years the dominion has collected from the industry more than one and a half times as much as the province collected; but the dominion government has given very little in return. For the purpose of comparison I have looked up the appropriation by the dominion government for the support of forests, agriculture, mines and geology for the last peace-time fiscal year, 1939-40. The figures quoted will be found in the auditor general's report for that year, and comparable figures for later years will be found in the public accounts. For the year 1939-40 the dominion government appropriated for all forest purposes \$360,529; but for agriculture, \$28,633,000; for mines and geology, \$7,284,000. Some discrepancy in the dominion support is evident in the succeeding years because the appropriations must have been distorted by the war atmosphere; therefore I feel the comparisons would hardly be fair. Just to mention one, the public accounts for the year 1943-44 give the appropriation for agriculture as \$120,794,000, while the forest service appropriation however remained comparatively normal at \$298,741. In the current estimates which the house is being asked to approve, over \$19 million are allocated to agriculture, of which sum \$6,500,000 may be earmarked for

[Mr. Pearkes.]

research purposes. In the Department of Fisheries some \$3 million are to be spent chiefly on research, while for forestry and forestry industries only \$625,000 are earmarked. I suggest that although the government drains off by far the greater part of the earnings produced from the forests, it has contributed next to nothing for the protection and maintenance of these forests which are the very source of its income.

The report of the royal commission appointed by the province of British Columbia in 1910 makes the following recommendation:

Your commissioners regard the income from royalty on timber as differing essentially from any other form of revenue in the province. Such receipts should be regarded as capital and not as current revenue. We have no hesitation in recommending that the amount so received, large as it may appear, should be expended by the government for the protection, conservation and restoration of our timber resources. With our present knowledge regarding reforestation, to treat these receipts as other than capital would be utterly unsound in principle and might produce disastrous results in the ultimate impairment of the public estate.

It is regrettable that for thirty-five years this recommendation has been consistently ignored by succeeding governments, provincial and dominion. Millions and millions of dollars have been drained from our forests into the general revenue to help pay for government services wholly unconnected with the protection and development of our forest industries.

This revenue is not a true income, but is the result of the sale of capital resources which can be replaced only in part. If our forest administration were adequately financed to fulfil properly its function of protection, conservation, management and development of our forest resources, then any surplus forest revenues could be absorbed into the general revenue, but such is not the case, and our forest administration for years has not been adequately financed. The British Columbia loggers' association, the Canadian society of forestry engineers, the Wallace report and other reliable sources have repeatedly urged that a much greater proportion of revenues derived from the forest industries be returned to the forests for protection and their perpetuation.

At the present time under dominion government controls the industry is required to sell a high percentage of wood products, logs, lumber, shingles, and plywood in the Canadian market at ceiling prices actually below the present cost of production. A certain percentage, until recently approximately sixty per cent, could be exported. It is not generally realized that this export, for which a much higher price is obtained, compensates