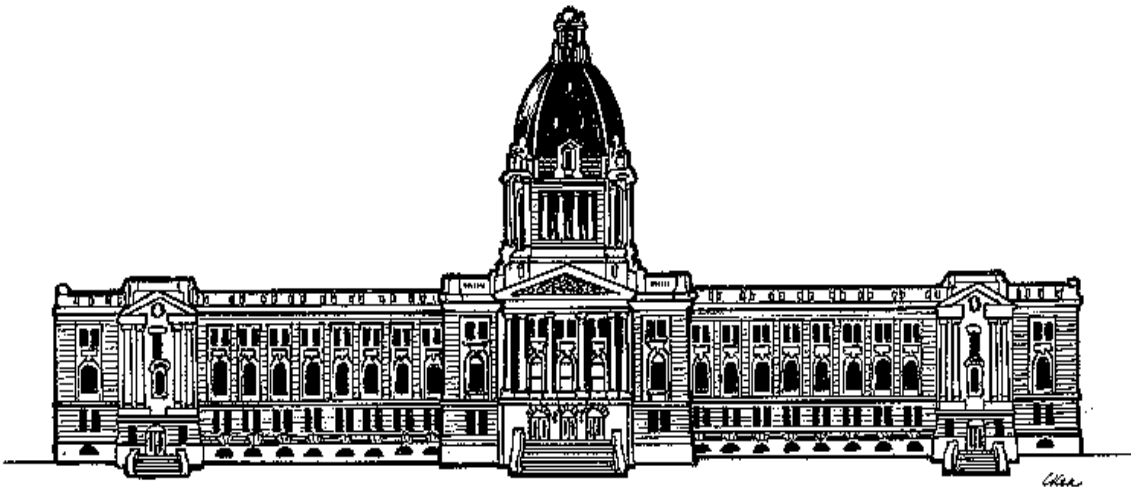




# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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## STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Greg Brkich, Chair  
Arm River-Watrous

Ms. Cathy Sproule, Deputy Chair  
Saskatoon Nutana

Mr. Bob Bjornerud  
Melville-Saltcoats

Mr. Darryl Hickie  
Prince Albert Carlton

Mr. Gene Makowsky  
Regina Dewdney

Mr. Scott Moe  
Rosthern-Shellbrook

Mr. Roger Parent  
Saskatoon Meewasin

[The committee met at 15:00.]

**The Chair:** — I want to welcome the members to the Crown and Central Agencies. We have two substitutions. For Mr. Darryl Hickie, Bill Hutchinson will be substituting, and for Cathy Sproule, Trent Wotherspoon will be substituting.

Members have a copy of today's agenda. If members are in agreement, we will proceed with the agenda. We also have seven documents to table today. I provided a list to members of the documents that are to be tabled.

Now we will move into the consideration of bills. We will consider . . . First bill up is Bill No. 46, *The Municipal Employees' Pension Amendment Act, 2012*. We will start with clause 1, short title. I would ask the minister, if you have any opening remarks, you may proceed.

**Bill No. 46 — *The Municipal Employees' Pension Amendment Act, 2012***

**Clause 1**

**Hon. Mr. Krawetz:** — Thank you very much, Mr. Chair. My opening remarks will be strictly the introduction of four individuals that are here with me. Seated to my left is Arun Srinivas and seated to my right is Brian Smith. Margaret Johannsson and Doug Lambert are behind, as well as my chief of staff, Dawn Popescul. I think I've made all of the comments I wish to make in the second reading speech, and we're prepared to assist in answering any of the questions on the clauses that the membership might have.

**The Chair:** — Thank you very much, Mr. Minister. Are there any comments or questions on Bill No. 46? Mr. Wotherspoon.

**Mr. Wotherspoon:** — The bill's pretty straightforward for the most part, sort of refinement or housekeeping in nature. Just wanting to confirm with the minister that full consultation has occurred with sector partners on this front. And from that consultation or in any other manner, have concerns been brought to his attention or his ministry's attention as a result of this piece of legislation?

**Hon. Mr. Krawetz:** — Thank you very much, Mr. Wotherspoon. This has been a long process as far as consultation and the opening up of the MEPP [municipal employees' pension plan] Act. It goes back to I believe about 2006, and there's been a lot of things that have happened since 2006. And I'll get Brian Smith to give you a chronological order of some of the things that have occurred since '06.

**Mr. Smith:** — Yes, Mr. Chairman. In 2010, under the Act, the minister asked someone to review the composition of the commission. In 2010, Mr. Mick Grainger did a review of the composition of the commission, talked to all the stakeholders, and there was feedback from, I believe, eight of the stakeholder organizations.

There are 10 organizations that appoint members to the commission. Of the 10 organizations, five are from employer organizations and five are from employee organizations. And

representatives come from or are appointed by SUMA [Saskatchewan Urban Municipalities Association]; the Saskatchewan School Boards Association appoints two; Saskatchewan Association of Rural Municipalities, one; regional libraries and regional colleges, one. The employee appointees are from the Rural Municipal Administrators' Association, Saskatchewan Association of School Business Officials, the Urban Municipal Administrators' Association, one from trade unions, and one from police and firefighter associations across the province.

So the consultation process included all the stakeholders. And in addition, because there isn't an organization of pensioners, we sent written communication to the 4,000 pensioners who were in the plan. And so all the appointing organizations, stakeholders, and all the pensioners had the ability to respond to the inquiry.

There's two parts to the changes in the legislation. One is resulting from the stakeholder consultations. The other changes are to comply with *The Pension Benefits Act*. The superintendent of the pensions office in 2006 gave his comments about two or three points in the Act that did not comply with *The Pension Benefits Act*, and so the housekeeping changes are to bring the municipal employees' pension plan Act in compliance with *The Pension Benefits Act*.

**Mr. Wotherspoon:** — Thank you for that. And as well, the full consultation that's occurred, have there been any concerns expressed from various parties through that consultation?

**Mr. Smith:** — There was very few comments. Most of the comments were, the composition of the commission as it stood was okay, and there was I believe three comments from pensioners out of the 4,000 that made a response. There was three responses from pensioners, and the other organizations agreed with the current composition of the commission.

**Mr. Wotherspoon:** — Thank you. I have no further questions.

**The Chair:** — Seeing no further questions, we will vote. Is short title, clause 1, is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 7 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 46, *The Municipal Employees' Pension Amendment Act, 2012* without amendment. Is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. I would ask a member to move that we report Bill No. 46, *The Municipal Employees' Pension Amendment Act, 2012* without amendment. Mr. Parent so moves. Is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

Next bill for consideration is Bill No. 82, *The Saskatchewan Pension Plan Amendment Act, 2012*. We will start with clause 1, short title. I would ask the minister, if you have any opening remarks, you may proceed.

**Bill No. 82 — *The Saskatchewan Pension Plan Amendment Act, 2012***

**Clause 1**

**Hon. Mr. Krawetz:** — Thank you very much, Mr. Chair. Mr. Chair, I just want to inform the members of the committee that normally the CEO [chief executive officer] of the Saskatchewan Pension Plan, Katherine Strutt, would be here, but unfortunately this is April 30th and highways are closed in certain areas, and she could not make it from Kindersley this morning. So Arun will be helping and assisting if there are technical questions.

A very straightforward Act, Mr. Chair. There are basically three components here that we're identifying. We want to make sure that we comply with *The Pension Benefits Act* as we have in the last instance. So that's going to allow some of the transfers that individuals currently cannot make into the Saskatchewan Pension Plan. There are limitations and we want to make sure that those limitations are not there, and that they would match what is in the pensions plan Act.

The other one has dealt with a situation where all avenues have been undertaken to find a person who was in the plan and that person cannot be found. And in fact in this situation there's only one such case. But we need to comply with what other financial institutions do, which will mean then that the money is held somewhere. And that money will be held in the General Revenue Fund. So that's another amendment that will allow for that to occur.

And then the final one is more of a . . . definitely more of a housekeeping. It is just rewriting the language to make sure that it's clear and that everyone understands. So that's just a quick summary of the bill, Mr. Chair.

**The Chair:** — Thank you, Mr. Minister. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Thank you very much. Thanks for the explanation. Just as it relates to the transfer of dollars for an individual that can't be located, in transferring those dollars to the General Revenue Fund, it's suggested they'd be held there. How would they be held there? What sort of accounting would take place to ensure they were held?

**Hon. Mr. Krawetz:** — Mr. Chair, I'm going to ask Arun to respond to that.

**Mr. Srinivas:** — Okay, thank you. I'll respond as best I can with the notes that Kathy has provided me. But as I understand it, if the member can't be found, then the funds will be transferred to the GRF [General Revenue Fund] similar to provisions in other government pension plans, and that this money would still belong to the member or their beneficiary. It

just wouldn't be administered by the SPP [Saskatchewan Pension Plan] any longer. If that member is ever found or comes forward, then that would still be their money.

**Mr. Wotherspoon:** — Do you have an idea of the total value of these dollars right now?

**Hon. Mr. Krawetz:** — We know at the moment that it's one individual, and all avenues have been taken to find this individual. And the sum of money is just over \$1,900.

**Mr. Wotherspoon:** — And so it will be held there. So it would be dollars in. It would be held as a small little liability in this case, and if that individual was ever located or came to the province or to the pension plan, there'd be a mechanism for them to access their dollars.

**Hon. Mr. Krawetz:** — As I understand it and as Arun has explained it, it will be an amount that will be dedicated to this individual or the surviving beneficiary if that person appears, and there will be an obligation of the GRF to pay that if indeed that is clarified.

**Mr. Wotherspoon:** — And as far as one of the other changes where retirement options are being moved out of the Act and into regulations, could the minister or officials simply clarify what sort of options those are?

**Hon. Mr. Krawetz:** — Thank you, Mr. Wotherspoon. I'm thinking your questions are around the registered pension plans, the RPPs and the LIRAs, locked-in retirement accounts. The SPP started back in about 2011 to actually accept transfers from RRSPs [registered retirement savings plan], the current RRSPs, but the plan cannot receive transfers from either a LIRA or an RPP. So what we're doing is amending the Saskatchewan Pension Plan so that those people who have a LIRA can now actually transfer that money into their SPP account. The current Act does not allow that to happen.

**Mr. Wotherspoon:** — Okay. And do I understand this that that'll be done by way of regulation, not by way of the Act itself?

**Hon. Mr. Krawetz:** — Yes, that is correct.

**Mr. Wotherspoon:** — Certainly ensuring flexibility in the ability of Saskatchewan people to transfer dollars into that fund is important . . . Or to the pension plan. And certainly I'd like to thank all the strong leadership and management of all of those over at the Saskatchewan Pension Plan on a daily basis. So at this point in time, I don't have any other questions.

**The Chair:** — Seeing no other questions, we will vote on the bill. Short title, clause 1, is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 13 inclusive agreed to.]

**The Chair:** — Thank you. Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 82, *The Saskatchewan Pension Plan Amendment Act, 2012* without amendments. Is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. I would ask a member to move that we report Bill No. 82, *The Saskatchewan Pension Plan Amendment Act* without amendment.

**Mr. Moe:** — I so move.

**The Chair:** — Mr. Moe has so moved. Is that agreed to?

**Some Hon. Members:** — Agreed.

[15:15]

**The Chair:** — Carried. The next bill up for discussion is Bill No. 91, *The Saskatchewan Pension Plan Amendment Act, 2013* (No. 2). We will start with clause 1, short title. I would ask the minister if you have any opening remarks. You may proceed.

**Bill No. 91 — *The Saskatchewan Pension Plan Amendment Act, 2013* (No. 2)**

**Clause 1**

**Hon. Mr. Krawetz:** — Thank you very much, Mr. Chair. My comments will be this. The amendments to the SPP are obviously connected to another bill that's been introduced into this House, under the Justice ministry and the Attorney General, which are the creations of something called the pooled registered pension plans, PRPPs. What we're doing with this amendment to the SPP Act is to be able to allow the SPP to become a provider.

As you know, Mr. Chair, we're moving forward with our provincial legislation to ensure that people in Saskatchewan have the same opportunities as those created under the federal Act, the PRPPs. And it is felt that, of course, the SPP has set a great example. It's been a one of a kind. It's been around for I think 27 years and has indicated to many that there's a great opportunity for people to create their own pension plans.

And again, this is because of the employer not necessarily having a pension plan at the workplace. We know that . . . I think it's about 47 per cent of employers in the province currently have a pension plan at work. So we want to enable people to take advantage of what is going to be created, we believe, right across Canada. We just saw very recently in our neighbouring province, Alberta, legislation was introduced in Alberta to indeed create PRPPs and move forward. We think the SPP is going to be . . . will have the ability to be a provider.

So this bill, really what it does is it's going to allow the SPP board to create and establish a non-profit corporation. It's going to be separate from the existing SPP, because we know that those funds are not part of PRPPs. And it's going to allow then employers or employees, those who are self-employed, those who work in, you know, in many different jobs over a period of time to be able to establish a pension plan within the SPP

through PRPPs.

So there will be certain conditions that the SPP will have to meet, that that board will have to change to. They're going to have to meet those conditions, and then through the regulator, financial consumer affairs regulator will then . . . they will be able to apply to become a provider. So with those comments, I think that clarifies the reason for this bill.

**The Chair:** — Thank you, Mr. Minister. Are there any questions on the bill? Mr. Wotherspoon.

**Mr. Wotherspoon:** — Well certainly I'm supportive of the Saskatchewan Pension Plan being able to be considered as a provider. And certainly it's proved itself a strong pension plan for so many pensioners, and I'm glad that there's this legislation that will enable them to possibly be licensed as a provider.

Maybe just to gain a little bit of clarity as to who they're applying to through that process, that there'll be various potential providers that will be applying to become providers of the PRPP here in Saskatchewan, what that process looks like, and what considerations are in place.

**Hon. Mr. Krawetz:** — Great. Thank you very much for the question. Absolutely. We want to ensure that the applicant, in this case the SPP, has the ability to apply. Today they don't because the working model, that is the SPP working model, pays attention to certain contribution limits when in fact under PRPP the contributions are based on your RRSP limits. So there are many avenues that the SPP board will put in place. Their application will go to the body called the Financial and Consumer Affairs Authority for the province of Saskatchewan. That will be no different than any other provider who wishes to enter into the Saskatchewan scene. They will have to meet the conditions as specified in this authority referred to as the Financial and Consumer Affairs Authority.

**Mr. Wotherspoon:** — We've said and I've said that we support certainly this piece of legislation to allow the Saskatchewan Pension Plan to apply as a provider. I think they're in a strong position to do so. And we support the new tool of a pooled registered pension plan and that legislation to provide more options to Saskatchewan people.

That being said, outside of supporting those pieces of legislation, we still make the call and want to place onto the record for a broad, broader support and expansion of the Canada Pension Plan, something that isn't voluntary, something that has benefit to all, and something that's certainly portable, efficient, and pan-Canadian as well, and wanting to place that onto the record. I know there'll be meetings with . . . of the ministers of Finance coming up here in June, and certainly looking for the leadership and advocacy of our Minister of Finance on that file. But with that being said, I have no further questions at this point in time.

**The Chair:** — Thank you. Seeing no further questions, we can move to vote on the bill. Short title . . . Clause 1, short title, is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 7 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 91, *The Saskatchewan Pension Plan Amendment Act, 2013 (No. 2)*, without amendment. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. I would ask a member to move that we report Bill No. 91, *The Saskatchewan Pension Plan Amendment Act, 2013 (No. 2)* without amendment.

**Mr. Makowsky:** — I so move.

**The Chair:** — Mr. Makowsky has so moved. Is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

Next bill on the agenda is Bill No. 94, *The Tobacco Tax Amendment Act, 2013*. We will start with clause 1, short title. Mr. Minister, if you have any opening remarks you may proceed.

#### **Bill No. 94 — *The Tobacco Tax Amendment Act, 2013***

##### **Clause 1**

**Hon. Mr. Krawetz:** — Thank you, Mr. Chair. Mr. Chair, as I indicated, I've introduced the people already at the very beginning, but now sitting here at the front with me is Margaret Johannsson and Doug Lambert who are from the revenue division.

And of course this is a budget bill. This is a revenue bill. It's going to generate additional dollars for the treasury of the province of Saskatchewan. And as I indicated in my second reading speech, it changes . . . At that time we thought it was going to mean that we were going to be tied for probably one of the highest taxation rates on tobacco and tobacco products at 25 cents per cigarette or tobacco stick or per gram. We know since then, of course, that Manitoba has enhanced theirs by an additional 4 cents, and they're now going to be at 29. So with that said, Mr. Chair, I mean it's pretty straightforward. It's a revenue bill. It will generate revenue to meet some of the priorities on the expenditure side of our government.

**The Chair:** — Thank you, Mr. Minister. Are there any questions on the bill? Mr. Wotherspoon.

**Mr. Wotherspoon:** — I guess just wondering, because it impacts Health as well and has some potential impacts on Health when we're talking about tobacco, tobacco usage, in engaging with this change. As the Ministry of Finance, what sort of consultation or analysis was done by the Ministry of Health as to what the appropriate cost of tobacco is in

Saskatchewan?

**Hon. Mr. Krawetz:** — Thank you, Mr. Chair. I'm going to just make a couple of opening comments and ask both Margaret and Doug to comment on some of the work that they do with the officials in Health. And Mr. Wotherspoon has raised a good question about, you know, the correlation with health, whether or not there is . . . Are there initiatives in place to reduce the amount of use of tobacco?

You know, governments have struggled with this, both *The Tobacco Control Act* and here in Saskatchewan with the different agencies who want to indeed reduce the amount of tobacco usage. We've seen some gain and we know that there has been a reduction. But you know, when you take into account some of the things that the Canadian Cancer Society wishes, or we have a group referred to as the partnership to assist with the cessation of tobacco, there are websites. There are many different groups that are putting in place additional dollars.

Some of the dollars that the province spends through Health, not only in those campaigns but including, here in Saskatchewan, there are two cessation medications that are actually on the Saskatchewan formulary to assist people who have been smokers for a while to try to stop smoking. So we have worked with Health for many years. It's not just in this last year. It's an ongoing process. And I'd like . . . First of all, Margaret, if you wouldn't mind commenting on some of the things you do directly with Health officials.

**Ms. Johannsson:** — I think that Doug works with the Ministry of Health, and there are committees that do target cigarette smoking and we do work with them. There does not seem to be in the literature a magic number about how expensive cigarettes have to be in order to get people to quit. I wish I could tell you there was, but there isn't.

Do you want to talk more about your committee?

**Mr. Lambert:** — Yes. I've had the privilege of working with the tobacco control group for a number of years. Health promotion in the Ministry of Health was instrumental in getting a group going with a number of stakeholders that we've had various meetings over the, you know, past several years. And a number of good ideas have come forward. There's been, you know, people from the Cancer Society, the Heart and Stroke, and others, Lung Association, have attended, and various stakeholder meetings. And a lot of the initiatives that have come about in *The Tobacco Control Act* have been as a result of these consultations. So it is an ongoing thing, and I think that there is a fairly good network in place to keep that communication going.

**Hon. Mr. Krawetz:** — Also, Mr. Wotherspoon, I'd like to add that, you know, at the time that we made the announcement on budget day, the cancer society of Saskatchewan was very supportive. As Margaret has indicated, you know, we don't know whether there's a magic price when young people will find it so expensive that they choose not to begin to smoke. We don't know that is there. The cancer society of Saskatchewan feels that it helps. As the tobacco products become more expensive, it may assist in influencing people, I guess is maybe

the best word, influencing people not to purchase that package of cigarettes and begin smoking. But you know, there is so much more to be done.

I mean we continue to encourage education, whether that be at the, you know, K to 12 [kindergarten to grade 12] level or whether it's through family-related organizations. There's always the desire to ensure that communication about beginning to smoke. It is addictive; that's known. And I think the more we can do to promote avenues that Doug talks about in terms of cessation of tobacco usage is going to be a benefit in the long run.

**Mr. Wotherspoon:** — Well it's certainly a big issue, and we all pay for it through our costs in the health care system. We pay for it personally sometimes through families and relationships and all the health issues that emerge.

So this increase to tobacco isn't necessarily based on a certain number that says a 4 per cent increase correlates to a statistical drop in tobacco usage of a certain amount, is what I'm hearing. But there's general feeling that higher tobacco prices will work towards reducing tobacco usage. I guess this collects \$45 million more, \$45 million more to the province of Saskatchewan. You've laid out many of the other programs that need to be supported and referenced that we need to do better and recognized the importance of reducing tobacco.

I'm just wondering, out of that \$45 million more that's being collected, how much of that is being dedicated to direct tobacco cessation programs, expansion of programs, making the strides that we need to, that certainly the Cancer Agency lays out, or that we all know that we need to do? Because I think there's a direct benefit both for health of people, but also to the Ministry of Finance by way of cost savings in health care if we can drive down usage of tobacco in the province.

[15:30]

**Hon. Mr. Krawetz:** — Thank you, Mr. Chair. Mr. Chair, I guess my first comment will be, is that revenues that come into the treasury are . . . There is no conditional spend. So whether or not the revenue is 45 million additional or whatever number, it will go into the General Revenue Fund. And out of the General Revenue Fund, we make expenditures to different organizations.

In the case of health-related expenditure, and as you know, the health budget directly to the regional health authorities was enhanced by 4.5 per cent, I can just give you a couple of the examples that have happened in projects in 2012. In the spring of 2012, three grants totalled over \$700,000 were awarded that would directly support community-led tobacco reduction activities in northern Saskatchewan and in the Prairie North Regional Health Authority. Leadership for these projects included First Nations and Métis people. Cultural relevance is a priority.

Here's the details. The first one involved a \$250,000 expenditure, and it was called the northern Saskatchewan tobacco reduction initiative. It is an initiative to reduce tobacco usage rates among youth, pregnant women, and young families in northern Saskatchewan. The second one was called the green

light program, and it was called Building on Success and Celebrating Smoke Free Homes in Métis Communities. That was a partnership of the University of Saskatchewan and Métis Nations Saskatchewan. That amount from the Métis Nation was over \$248,000. And finally the third one was with The Battlefords Family Health Centre. It was called Change Can Happen with a Smoke Free Community, and that's a partnership between Battleford Tribal Council Indian Health Services, and again Prairie North Regional Health Authority who contributed \$203,791.50.

So as you can see, in an indirect way, government transfers dollars to regional health authorities and in partnerships with, in this case, tribal councils, the Métis association, they've decided on initiatives that they wanted to fund to ensure then that they could move forward on helping to lower the usage of tobacco. I think those kinds of projects are great, and we want to make sure that we're going to continue to fund appropriately.

**Mr. Wotherspoon:** — Agreed that those are some tremendous initiatives and important ones, and certainly commend the leadership of the respective organizations and people that have made those happen. I guess my question is, there's a fair amount of reference that the increase in the price of tobacco is there to reduce tobacco usage, which is something we should be working towards. It has certainly financial and certainly health impacts that are desirable in the sense of reducing that tobacco usage.

But I'm not sure if this . . . So if this is about reducing tobacco usage, this tax of \$45 million, I'm just wondering how much of that . . . And I understand how it flows into operating expenditure, but what's the increase this year, the new programs that are going to be funded over and above what's been going on over the past few years? Because \$45 million is a pretty significant take by way of taxation, new dollars, and could enable some pretty effective programs, I would suspect, to reduce tobacco usage. I'm just wondering what new programs are going to be used with this tax on tobacco.

**Hon. Mr. Krawetz:** — Finance does not direct to the Ministry of Health or the Ministry of Education to say, you must put in place a program to assist in cessation of tobacco usage. Finance, through its budgeting, will provide budgets to the different ministries and as I indicated, this time around, Ministry of Health received a fairly significant increase. Right now \$3 billion goes to the regional health authorities of our budget. We know that that's enhanced by over \$131 million this year. Some of that money will go towards new programs.

It is up to the community. It's up to the regional health authority through the leadership that they have at their board table to say, you know what, we think that there's a new project that we can adapt. I'm sure you've seen the latest commercials on the smokeless cigarettes. Apparently they're supposedly working and they're helping people to stop smoking in a slower way. Those are initiatives that, you know, we haven't even thought about. And that's going to be something that regional health authorities, that schools . . . There might even be change to curriculum to allow for the production of materials that are distributed through schools. Those will be the kinds of things that are within those budgets.

So to answer your question and say whether or not Finance has directly put money into place for any of the ministries to add new programs to assist, the answer would be no.

**Mr. Wotherspoon:** — Just to fully understand what initiated this change, was this requested by plans of the Ministry of Health to urge this as a measure for the purpose of the health outcomes and reduction in tobacco usage? Or was this a part of a revenue exercise of the Ministry of Finance?

**Hon. Mr. Krawetz:** — Absolutely it did not have anything in the way of a recommendation from Health. It is strictly Finance looking at the . . . Finance and treasury board. I mean it's treasury board that does the planning of the budget and it was treasury board who looked at this initiative and looked at whether or not there was indeed an ability to raise the price of tobacco, keeping in mind, of course, we have to worry about things like smuggling. We have to make sure that, you know, we're competitive in that respect so that we're not creating a situation where then we're going to actually maybe lose revenue. So those are all ideas that are considered but they are considered by Finance and treasury board when we planned for this increase.

**Mr. Wotherspoon:** — The smuggling, I'm glad the minister referenced it. It was part of the questions I wanted to just touch on, on this. Now smuggling should be a concern for a host of reasons. You mentioned so that we don't we lose revenues. Again I think our ultimate goals when we're talking about tobacco should be reducing tobacco usage and improving health outcomes. I appreciate that you've just been good, straightforward, and clear that this wasn't driven by a health initiative by the Ministry of Health to reduce tobacco usage. It just was a place the ministry was looking for revenues. And I understand that you've looked to this spot as increasing the taxes by \$45 million here, provides you some revenues within the budget.

But the question on smuggling's an interesting one. So is there some analysis the minister has on that point? Because it's again, it's 4 cents. It seems to be a bit of an arbitrary number. I've heard there is not a correlation on health outcomes and reductions in tobacco usage. What's the right number then? The minister says we have to be careful not to increase it too high, so that we don't increase incidents of smuggling. I certainly understand that. I also would be interested in hearing sort of what analysis has gone into what would a 5-cent increase mean by way of smuggling, or a 6-cent increase.

And then out of this 45 million as well, what dollars . . . Have there been dollars placed in to combat smuggling or any new programs, recognizing that, you know, with the \$45 million increase in the taxation on tobacco usage, there certainly is the potential for increased interest in smuggling in the province?

**Hon. Mr. Krawetz:** — There are many questions there, Mr. Wotherspoon, so I'll try to answer a few of them and maybe Margaret can assist in some of the comments about smuggling. But you know, clearly the tobacco tax in the province of Saskatchewan was 21 cents per cigarette or per gram. And at that time when we looked, when treasury board looked at this, the Manitoba tax was 25 cents. And we felt that moving to that level of adding 4 more cents to the 21 to get to the level of

Manitoba would not contribute to additional sort of pressures on smuggling.

We do have in place officials, and Margaret or Doug can explain a little bit more about how we try to work with our partners across all of Canada. You know, the sort of centre of much of the smuggling in Canada is in Eastern Canada, and we have to be mindful of that.

The other comment I would like to also add is, while we did not have any request from Health official, but every time I talk to members of the Lung Association or the cancer association — and it's been ongoing for the three years that I've been involved as the Minister of Finance or in fact even prior to that as minister of Education — they were always lobbying to see that they felt that an increase to the price of a carton or a package of cigarettes would indeed defer someone or encourage someone not to participate. So while they didn't influence the decision about whether we would increase the tax, I think that they have been supportive and they were supportive immediately after the announcement on budget day. So for those two questions.

As far as setting aside dollars, again there are not . . . The revenues received from this particular revenue source is not conditional. It's not that we will, you know, spend X dollars on a particular project. But we do have dollars that we spend within Finance on officials. And I'll get Doug maybe to comment a little bit more about some of the things that officials check into to try to prevent smuggling.

**Mr. Lambert:** — Thanks, Minister. Yes, our revenue officers work very closely with the RCMP [Royal Canadian Mounted Police] in doing investigations and inspections. We also work with the other provinces. We have ongoing arrangements with the other jurisdictions with inspection people. And so there's a good information exchange there; there's a good structure set up.

The RCMP will usually take the lead if we find a situation where smuggling appears to be happening in the province but, like I say, we work closely with them. We also work with transportation companies, bus companies, airlines, and so forth, and any information they may come across, tobacco that might be shipped through here. So we have those contacts.

We have been fairly fortunate, I think, in being able to not have a huge problem in terms of smuggling, not like it is in Central Canada. And really the smuggling across Canada seemed to really hit a peak around 2008. And the federal government and some of the central provinces have really got involved at the source where tobacco was coming in, primarily from on-reserve manufacturers in Ontario and Quebec. And they've taken a number of enforcement measures as well, hired additional RCMP, and so forth. And so that has made a dent across Canada. Revenues have improved, even in some of the more susceptible jurisdictions, since those measures were taken.

So we're hopeful that we can maintain the situation where it's manageable with respect to the situations that we will encounter. And we do regular inspections. For example we'll go down, around, and do vendor checks and keep in contact with the business community. So Saskatchewan, being the nature of the province is, you know, a smaller population spread



throughout, information gets out pretty quick if somebody's trying to sell cheap tobacco. So that's one of the advantages we have in being able to maintain that network and get information fed to us.

**Mr. Wotherspoon:** — Thank you for that answer. So again, I guess the 4 cents is sort of an arbitrary choice then, based on revenue needs of the province. Forty-five million itself certainly does represent an opportunity as well to potentially invest back into reducing tobacco usage and all of the other good work and recommendations of the Lung Association or the cancer association.

But we've had a good discussion here, and some of those discussions are probably best with the Minister of Health in those related estimates.

I don't think I have any other questions, other than maybe just to put on the record and seek from the minister . . . I know we had recently a whole bunch of students from across the province, some from Alberta, that came down and met with us as MLAs [Member of the Legislative Assembly] and held a forum and talked about some of the best practices from their perspective in reducing tobacco usage. And they talked about an initiative in Alberta where they've really gone after and banned flavoured tobacco for young people, or flavoured tobacco in the form of how it's being advertised to young people and sold to young people. Just wondering if — and I guess that wouldn't cost the province of Saskatchewan anything — wondering if the minister has any awareness of whether or not . . . or any commitment as to whether that's a direction his government's going to be moving in.

**Hon. Mr. Krawetz:** — I'll get Doug to answer this one. There's been some discussion at the tobacco control level.

**Mr. Lambert:** — Yes. The federal government brought in some initiatives dealing with the banning of flavoured products, and there were a lot of little cigar-type products that were taken off the market here in the last couple years. And the province has also looked at it from a tobacco control perspective, whether we need to do parallel legislation or not. And that's really under the Ministry of Health, but it is an issue that is continuing to be looked at.

**Mr. Wotherspoon:** — I was aware of the changes in the federal government. I was impressed meeting with these young people who were able to bring in these products and show them to us. And really what it seemed, or they were suggesting was the changes federally. All the companies did was make some modest refinement in how they were advertising. I believe a cigarillo became a cigar in different information. That basically . . . and the packaging barely even changed. The marketing was the same.

So it's an issue, and it's interesting to hear what Alberta's done on this front. It might be an important area for us to follow up. And I'd certainly like to recognize the students that came in. I believe they were part of an initiative, in part through a group called Flavour Gone, and thank them for their leadership. And for me what it did is bring some information to me that I wasn't aware of, and certainly an initiative we should be aware of as legislators.

**Hon. Mr. Krawetz:** — Thank you very much, Mr. Wotherspoon. You're absolutely correct. The more knowledge you and I and officials can have, the more we can work together with other provinces or with the other ministries. That's so correct. And I think it will assist.

I mean, we know that, I think if you have the knowledge, if you have, as a young person, if you have that kind of attitude about not wanting to start smoking, maybe you never will. And I think that's a great benefit, and we need to encourage those kinds of groups. And you know, in consultations there's always an ongoing consultation between Finance and our officials and Health regarding tobacco usage and tobacco smuggling and tobacco everything. So we appreciate your suggestion, and we'll definitely monitor that as well.

**Mr. Wotherspoon:** — I have no further questions, Mr. Chair.

**The Chair:** — Thank you, Mr. Wotherspoon. Seeing no other questions, we will vote. Bill No. 94, *An Act to amend The Tobacco Tax Act*. Clause 1, short title, is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 94, *The Tobacco Tax Amendment Act, 2013* without amendment. Is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. I would ask a member to move that we report Bill No. 94, *The Tobacco Tax Amendment Act, 2013* without amendment. Mr. Bjornerud so moves. Is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Just before we ask for adjournment, I would ask if the minister has any final comments.

**Hon. Mr. Krawetz:** — Thank you very much, Mr. Chair. Absolutely, I want to thank the member of the opposition for the questions on all four bills. I thank committee members for their attentiveness. And also I want to thank my officials for being here and ensuring that we're able to answer the questions and supply the information so that everyone better understands the four bills that have been presented today. So thank you very much, Mr. Chair.

**The Chair:** — Mr. Wotherspoon.

**Mr. Wotherspoon:** — Thank you. Certainly thank you to the minister for taking the time with us here today to answer some questions. Thank you to the officials that are here with us here today. And thank you so much to the officials, the civil servants, and all those within all of the organizations and entities and agencies that were spoken about here today that

have contributed by way of consultation with the various pieces of legislation. So thank you, Minister, officials, and to all others that have contributed.

**The Chair:** — Thank you. I would ask a member to move a motion of adjournment. Mr. Parent has moved a motion of adjournment. Is that agreed to?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee now stands adjourned until the call of the Chair.

[The committee adjourned at 15:49.]