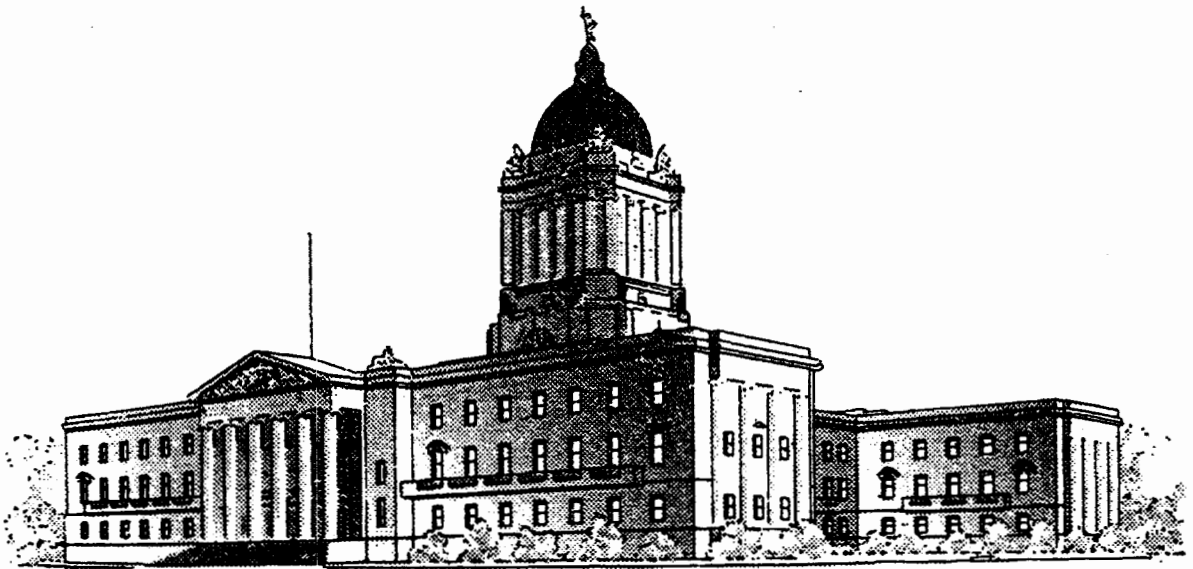




First Session - Thirty-Sixth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Law Amendments

Chairperson
Mr. Denis Rocan
Constituency of Gladstone



LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE
ON LAW AMENDMENTS

Tuesday, June 27, 1995

TIME — 7 p.m.

LOCATION — Winnipeg, Manitoba

CHAIRPERSON — Mr. Denis Rocan (Gladstone)

VICE-CHAIRPERSON — Mr. Edward Helwer (Gimli)

ATTENDANCE - 9 — QUORUM - 6

Members of the Committee present:

Hon. Mr. Stefanson

Messrs. Dyck, Evans (Brandon East), Helwer, Penner, Pitura, Rocan, Sale, Tweed

APPEARING:

Mr. Gary Doer, MLA for Concordia
 Mr. Kevin Lamoureux, MLA for Inkster

WITNESSES:

Mr. Dexter Harvey, Heart and Stroke Foundation of Manitoba

MATTER UNDER DISCUSSION:

Bill 24—The Tobacco Tax Amendment Act

* * *

Mr. Chairperson: Will the Standing Committee on Law Amendments please come to order.

This evening the committee will be considering Bill 24, The Tobacco Tax Amendment Act; Loi modifiant la Loi la taxe sur le tabac.

The committee currently has a vacancy for the position of Vice-Chairperson. Are there any nominations?

Mr. Mervin Tweed (Turtle Mountain): I would like to nominate the member for Gimli (Mr. Helwer).

Mr. Chairperson: The member for Gimli, Mr. Helwer. Are there any other names? Mr. Helwer has been nominated. He is elected as Vice-Chairperson.

To date we have had one person registered to speak to Bill 24, Mr. Dexter Harvey representing the Heart and Stroke Foundation of Manitoba. At this point I will canvass the audience to see if there are any other presenters to this bill this evening. If there is anybody, would you please register at the back of the room.

Mr. Harvey, would you please come forward, sir, and make your presentation to the committee. Do you have written copies of your brief?

Mr. Dexter Harvey (Heart and Stroke Foundation of Manitoba): I am sorry, I do not.

Mr. Chairperson: Please proceed with your presentation.

Mr. Harvey: I thank you for the opportunity to come before this committee to bring forth the wishes and interests of the Heart and Stroke Foundation of Manitoba.

Cigarette smoking or tobacco issues have been a major concern and interest of the Heart and Stroke Foundation of Manitoba. Cigarette smoking is considered one of the four primary causes of heart disease and stroke.

Over the years, the Heart and Stroke Foundation has played a significant role, first of all, in its smoke-free spaces during the 1980s that introduced smoke-free activities in public schools in Manitoba as well as private schools and also in public buildings. Following that, we have been active in terms of by-laws, working with various committees in the city and also most recently in working with fellow organizations in supporting the tobacco tax maintenance within the province of Manitoba.

Cigarette smoking is the single most important cause of preventable illness and premature death in Canada. We also know that the uptake of this condition occurs at about 13 years of age. Certainly initial tobacco use occurs in Manitoba starting among young people at eight years of age, but the major uptake occurs around 13 years. We also know that if we can delay tobacco use until our youth are about 19 years of age, we have a good chance of them moving on and remaining smoke free after that point, because across Canada and in Manitoba as well there is a minimum uptake in smoking after the age of 20.

In terms of achieving this, an important strategy is limiting access to cigarettes, and this can be done in one of two ways at least. One way is to reduce the opportunities for experimental use and smoking take-up. This can be done by limiting places where tobacco products are available, limiting places where smoking can occur and of course limiting the kinds of models or having role models that are smoke free.

Another important area and probably one of the most important is controlling cost. Cost, one of the four p's if you wish in a marketing strategy, one of the four major strategies in a marketing mix, has been shown to be quite effective in controlling the uptake of tobacco use in preadolescence and adolescence. In other words, we find that across the world that approximately a 10-percent increase in the price of tobacco products will result in an approximately 4 percent to 14 percent reduction in the consumption of tobacco use among our children and youth in the country.

I think this latter fact is quite important with respect to Bill 24, The Tobacco Tax Amendment Act. It is important because of the legislation that you are

considering which looks at marking and stamping tobacco products, that you will be able to monitor the products that are available in Manitoba through this legislation which will help to control tobacco products of a low-cost nature which again will make the cost appropriate and hopefully continue to reduce and maintain a lower level of use. This would be a major step in controlling access to Manitoba's youth.

Why is the legislation important? I think we have to look carefully at the fact that according to the statistics in Manitoba roughly 21 percent of all deaths in this province can be attributed to tobacco products in one way or another. We also know that the uptake of tobacco occurs normally before the age of 19, so access is really important.

A Manitoba heart health survey which occurred in the late 1980s showed that 25 percent of the Manitoba population between the ages of 19 and 74 were regular daily smokers. Interestingly, in 1990 that figure was still the same, and as of May this year that figure has dropped to 24 percent. I should mention that the bulk of our smokers in the province are between the ages of 19 and 54 years of age. We probably could back that down to 15 and 54 years of age with quite a drastic dropoff after 54 years of age. So we see that figure in place.

In 1985, where we had the last Manitoba youth survey on smoking, children and youth, we found that 28 percent of eight-year-old boys had already tried smoking and 16 percent of eight-year-old girls had also tried smoking. In Manitoba, as of May of 1994, we are aware that an across-Canada survey shows that in the 15- to 19-year-old group that 38 percent of the youth indicated they are either daily smokers or they are nondaily smokers. In other words, they have lumped those. That is the highest rate in Canada.

On the other hand, there is good news. While we have a large number of youth who indicate that they are daily or nondaily smokers, the youth in Manitoba on a per capita basis have the lowest per capita smoking rate in Canada. In other words, the average number of cigarettes smoked per day in that group is the lowest in Canada.

Now it is hard to say just exactly what the reason is. It could be, while we have a large number of people experimenting, we have a large number of those people who are not going any further than experimenting. That may be due in part to the difficulty in access, which can be access in terms of tobacco sales to minors, difficult to access tobacco that way, or it could very well be to the fact that the tax level is of a sufficient level to control that access to some degree.

I would propose at this time that any activity with Bill 24 that would maintain the vigilance and maintain the taxation at a level appropriate to reduce access would be quite important at this point in time because we do have a number of potential smokers; however, at the moment, their smoking rates are among the lowest in Canada.

At this point, what I would like to say is that it would certainly be in the interests of the Heart and Stroke Foundation if the proposed legislation is approved and implemented. At this point I appeal to you to move forward with Bill 24.

Thank you very much.

Mr. Chairperson: Thank you very much, sir, for your most informative presentation.

Do members of the committee have questions that they would like to ask?

Mr. Gary Doer (Leader of the Opposition): I would like to thank you very much for your presentation and the work that the Heart and Stroke Foundation of Manitoba provides in this very, very important area of prevention and health for all of us.

Obviously, this bill is dealing with a problem that stems from an original decision made by a federal government to lower taxation and create differential taxes across the country. We support the provincial government in its efforts on taxation. Usually opposition is characterized as always opposing everything the government does; on this occasion we support what the government has done.

I am concerned about going back to the original decision and the original decision in the federal government. Has your national organization had any meetings with either the federal minister or the federal government to have them reverse what I believe to be a bad decision and to get away from this kind of checkerboard taxation regime on cigarettes and go back to the fundamental tenets of tobacco tax in Canada, recognizing, as you have indicated, that pricing and youth, there is a correlation and we should be sensitive to that and be careful about it?

* (1910)

Mr. Harvey: The Heart and Stroke Foundation of Canada has been quite active on its own as well as in correlation with the Canadian Council on Smoking & Health and has made repeated presentations to the Minister of Health and has also in hearings with respect to the legislation taken part in that. So there has been a very, very active part taken by the Heart and Stroke Foundation of Canada.

I should mention we are a federation, so what happens is that the actions of the Heart and Stroke Foundation of Canada is in response to the support of the provincial foundation. There has been extensive action at that level.

Mr. Doer: Does your organization feel there is a possibility that the federal government will reverse its earlier decision? Allegedly the decision was made to deal with "smuggling." Even since that time we have had the U.S. Surgeon General come out with a number of reports very consistent with the information you are providing to this committee about young people and smoking and pricing. Do you feel there is any possibility that the federal government will change this policy that was originally designed in terms of the so-called Quebec smuggling problem but has spread to Atlantic Canada, spread to Ontario under the previous government, continued by this government, and of course presents real problems on the eastern border of Manitoba in terms of this province being the dividing line between the much lower taxes and the former provisions that exist in western Canada?

Mr. Harvey: We have no indication from the government itself that they are going to reverse taxation. The only indication we have had was the very, very minor increase that we had in federal tax and in provincial tax in both Ontario and Quebec. However, we have had, from time to time, the Minister of Health indicate to us that she was certainly interested. Earlier on, we always heard that this was a temporary measure, but there has been no indication that it is going to be something that is going to be temporary at the moment.

Mr. Doer: I just have one last question. I am not even going to begin to try to deal with all the experts the Minister of Finance (Mr. Stefanson) has available to him that have taken their time from the border enforcement that they have to deal with this problem.

The bill does talk about allowing people to pay a tax at the border for up to five cartons, I believe. Does this cause the Heart and Lung Association any problems? I certainly hope by all our good intentions and all our legal technicalities we are doing what is right for the cause that you represent quite properly here tonight. Have you examined the implications of going from the former policy to this bill allowing people to pay tax on five cartons? I recognize they only pay provincial tax and not the federal tax. I was just wondering about that issue.

Mr. Harvey: We have not considered that specific item. My immediate response would be that probably the target group we are looking at, the younger children, the people who are the 13-, 14- and 15-year-olds, are not going to be the individuals, hopefully, jumping into the car and purchasing the tobacco products elsewhere and paying that tax as they enter the province. I would not see that, without the target group of interest, as a major problem.

Mr. Doer: One last question on this is the whole issue of the whole postal system and the legislation that allows people to receive tobacco through mail order. I understand there was a decision today in the B.C. Court of Appeal. I do not know what the implications are of that. It seemed to me the court struck down some enforcement measures in British Columbia. It may not have any direct applicability to Manitoba, but has your association and foundation lobbied the federal

government on mail order? I know the Premier (Mr. Filmon) raised this with the Prime Minister when the Prime Minister was here recently. He raised that issue with Prime Minister Chretien. Prime Minister Chretien said he would look at the issue. I think his answer was, how do we know whether it is a cake or a package of cigarettes, I guess, in Canada. It looks to me if Manitoba wants to protect or wants to have a pricing policy that is consistent with the issue of young people smoking, it seems to me the mail order is a particular concern to everyone here.

Has your organization made any presentations to the federal government in that regard?

Mr. Harvey: We have never made a presentation specifically on that particular issue. What we have done is included that as part of a number of issues that have been presented at various times.

I should mention that our discussion and presentation is an ongoing one with the federal government as well, with not only ourselves as partners but the Cancer Society, the Lung Association, Physicians for a Smoke-Free Canada and so forth are involved in that. We have, yes, definitely raised those issues.

Mr. Doer: Thank you very much.

Hon. Eric Stefanson (Minister of Finance): Mr. Chairman, I really do not have any questions. We have had various meetings over the course of the last year with Heart and Stroke and other organizations. I just wanted to publicly thank Mr. Harvey for the continued support of the Heart and Stroke Foundation for the efforts our government puts in relative to this issue, which has been made that much more difficult by having the kind of system we now have in place in Canada. I just wanted to thank Mr. Harvey.

Mr. Kevin Lamoureux (Inkster): Mr. Chairperson, I too appreciate the time and effort that Mr. Harvey has put into the presentation on behalf of the Heart and Stroke Foundation of Manitoba.

You will have to excuse me if in fact you already picked up on this point. The primary concern of course

that most have is with respect to the number of young people that start smoking. Mr. Harvey, would you have some form of statistical information in terms of last year over this year? Do we have, for example, more young people smoking today than we did last year?

Mr. Harvey: We at the moment do not have good data all across the country. I know that over 1994 there have been three or four collections of data. The difficulty with that is they have all been small samples. When you are doing a national sample you are probably dealing with no more than about 3,000 or 4,000 individuals in that sample.

We do have indications that since 1961 we have had continuous decline in children and youth smoking until about 1990. All indications from 1990, '92 and '94 seem to indicate that we have plateaued, we are holding at this point with small--I would not call them aberrations, but certainly small changes from place to place from region to region.

In terms of going from year to year, data are not collected. The last solid study done in the province of Manitoba on the children and youth was 1985. That was a study of 11,000 children.

Mr. Lamoureux: I know I was actually sent somewhat of a fact sheet that the reduction of--or making available for provinces to reduce the taxation level on cigarettes was one aspect in terms of what was being done with respect to the legislation. I understood that there were other actions that were being taken such as increasing fines, raising the age of purchase from 16 to 18 and restricting the location of tobacco-vending machines. Also I understood the federal administration had indicated that to a certain degree there is a need for provincial co-operation in trying to enforce many of the things that are out there that we currently have.

I am wondering if you feel that this can in fact compensate for any potential increase by trying to enforce what is currently there in making stricter penalties. Would you agree that there is a very strong correlation in that area in that maybe the province should be moving more toward the enforcement of the current laws?

* (1920)

Mr. Harvey: I would see the Heart and Stroke Foundation's position on this would be a multifactorial approach, one that would involve smoking-prevention education that would involve legislation and the enforcement of that legislation certainly, because if the legislation is not enforced then tobacco access is still available to minors.

Certainly I think that the implementation is important, but I think a multiple strategic approach, one that touches all the bases is what is needed, not just solely legislation, taxation and the implementation of existing legislation. I think you would need a well-rounded program on this, but the two keystones, I believe, would be to limit access to minors through tobacco sales and through the price of tobacco.

Mr. Lamoureux: Would the Heart and Stroke Foundation of Manitoba have recommendations or suggestions for example in terms of what the provincial government could do within the province in terms of preventing young people from smoking? Is there a list of recommendations?

Mr. Harvey: The Heart and Stroke Foundation of Canada has positions on tobacco, and the province does have its own health-promotion department and would be more than happy to share information in terms of strategies designed to get at an overall picture, not just from the legislative perspective.

Mr. Chairperson: Are there any more questions for our presenter? No. Seeing none, I would like to thank you very much, sir, for making your presentation before the committee.

Seeing as how there are no more presenters, does the committee wish to proceed with clause-by-clause consideration of Bill 24? Agreed? [agreed]

Does the minister responsible for Bill 24 have an opening statement?

Mr. Stefanson: No, I do not, Mr. Chairman. I made my remarks during second reading of the bill.

Mr. Chairperson: I would like to thank the minister. Does the critic from the official opposition party have an opening statement?

Mr. Leonard Evans (Brandon East): I have a general question, and that is the way this is written. I have just glanced through it, but the way it is written it would apply to any type of importation, whether it be by road or by air. In other words, is this written so that it would be applicable to airports, and is there intention to enforce it at airports?

Mr. Stefanson: Mr. Chairman, the answer is yes.

Mr. Leonard Evans: Well, I do not want to belabour this, but how do you check it? Do you mean to say people who arrive in Manitoba, let us say from Ontario, would be requested to have their bags searched?

Mr. Stefanson: The objective will be to have various locations where individuals can pay the tax on bringing in up to five cartons of cigarettes at the airport, at the weigh station at the Ontario-Manitoba border and conceivably at a few other locations where people will most often be travelling in terms of being able to conveniently go and report and pay the tax without creating any additional bureaucracy where there are already systems in place and staffing in place to utilize to pay this tax.

Mr. Leonard Evans: Does this mean, Mr. Chairman, that passengers on flights into Manitoba, let us say from eastern Canada, will be advised by flight personnel that they are to think about whether they have X number of cartons of cigarettes or whatever amounts of tobacco for consumption in Manitoba?

Mr. Stefanson: Mr. Chairman, at appropriate points of entry there will be signage indicating what the expectations and requirements are.

Mr. Leonard Evans: So there is no intention to hire additional officials in a department--smoke cops--indicated. It will be a sort of general information reminding people that they are limited in what they can bring back to Manitoba. If they wish to bring back X number, up to five I guess it is, they are able to pay a tax, and you will indicate where that tax can be paid.

Mr. Stefanson: Mr. Chairman, that is basically correct.

Mr. Leonard Evans: Just as a comment, as our Leader said and I have said in my speech in the House, we support the legislation generally. It does give me great difficulty though to think that we are interfering with the lives of Canadians. I am particularly concerned about freedom of interprovincial trade which we have given so much lip service to over the years in this Legislature.

Mr. Chairperson: I would like to thank the honourable member.

During the consideration of the bill, the Title and the Preamble are postponed until all other clauses have been considered in their proper order by the committee.

Okay, we are moving right along.

Clause 1—pass; Clause 2—pass; Clause 3—pass; Clause 4—pass; Clause 5—pass; Clause 6(1)—pass; Clause 6(2)—pass; Clause 6(3)—pass; Clause 6(4)—pass; Clause 7—pass; Clause 8(1)—pass; Clause 8(2)—pass; Clause 8(3)—pass; Clause 8(4)—pass; Clause 8(5)—pass; Clause 8(6)—pass; Clause 8(7)—pass; Clause 9—pass; Clause 10—pass.

Clause 11.

Point of Order

Mr. Leonard Evans: On a point of order, I assume by rushing like this we will have an opportunity at the end to ask some more specific questions.

Mr. Chairperson: This evening, after this?

Mr. Leonard Evans: Yes.

Mr. Chairperson: On a particular clause?

Mr. Leonard Evans: Yes.

Mr. Chairperson: You can stop me anywhere you want, Len.

* * *

Mr. Leonard Evans: For example, a reference is made to a limit of five units.

Mr. Chairperson: Where are you now, Len? Which clause is that?

Mr. Leonard Evans: This is on page 4.

Mr. Chairperson: I can back up.

Mr. Leonard Evans: As I understand it, persons who possess two to five units of non-Manitoba-marked cigarettes or fine-cut tobacco and have taken the appropriate steps to report will pay a remit tax and have the product stamped.

The question I have is very simple. Right now it will continue to be one unit is free. Now we are saying you can still have that one, but you can have another four, but you pay on all five or on the four?

Mr. Stefanson: Mr. Chairman, you pay tax on the four additional cartons.

Mr. Leonard Evans: Another question is, why four? Why not three? Why not six? What is the magic about that particular number?

Mr. Stefanson: Mr. Chairman, as the member for Brandon East (Mr. Leonard Evans) and I discussed this afternoon, there is no real magic. It is just based on an estimate of reasonable personal consumption.

Mr. Leonard Evans: This is per person. Is it per day, per week, per month, per entry?

Mr. Stefanson: It is per person, per import.

Mr. Leonard Evans: If one were travelling by automobile, one person could go back and forth between Manitoba and Ontario, pick up another four or five and come back several times. I am just wondering, for some people it may sound very improbable, and I would imagine for most people it would not be the average, it would not be normal, but there may be the odd person or the odd group that might want to use this

as an escape. I wonder if the minister would comment on that.

* (1930)

Mr. Stefanson: Mr. Chairman, I should clarify. It is per import, but ultimately the individual can still have only up to five cartons in possession. You can go across, but you have to have consumed the product, technically. When you come back into Manitoba, ultimately still when you go home or wherever you have five cartons in your possession.

Mr. Leonard Evans: You mean to say that if those cartons—say you had a cottage at Falcon Lake and you dropped them there and then you went back and you had a friend like say five miles on the other side of the border who happened to have some cigarettes he wanted to give you and you brought back another five, are you saying that is illegal because that person still has three or four, whatever number, five back in his cottage at Falcon Lake?

Mr. Stefanson: Yes.

Mr. Leonard Evans: So the people of Manitoba have to understand that they have to smoke these things before they can bring more in.

Mr. Stefanson: I do not want to make this too confusing, Mr. Chairman, but you can have five in your possession at any one time crossing the border, you pay the tax. When you get to your destination you could ultimately have up to 19 in your possession, as we discussed before. By permit you can have between five and 20. We discussed that issue in terms of this entire bill. Once you get beyond that you are deemed to be a dealer and you cannot have more in your possession.

Mr. Leonard Evans: Based on your previous answer, it would seem to me it would be very difficult to check it out unless you had police raiding people's homes and so on. I am sure the minister is not suggesting that.

Talking about police—and I do not think I have crossed the Manitoba-Ontario border for years, by car at least. I am just wondering, do we have RCMP officers stopping people now on a regular basis, everyone who comes through, or is it just a spot check

or what?

Mr. Stefanson: Mr. Chairman, we discussed this during my Estimates. The RCMP have to have reasonable and probable grounds to stop anybody.

Mr. Leonard Evans: On average what does this mean? Does this mean there is an RCMP car there and maybe every fifth car or every tenth car is stopped? Is that the procedure?

Mr. Stefanson: No, they have to have reasonable and probable grounds to stop a vehicle. We discussed this at length during my Estimates.

Mr. Leonard Evans: We may have discussed it at length but sort of left it dangling in the air, Mr. Chairman.

Anyway, I have one other question. As I said, we generally support it but there are some specific concerns we have. What about your officials? Do you have officials that will be located at the Manitoba-Ontario border on the Trans Canada Highway to receive this tax? Will there be an office set up there to obtain these tax monies?

Mr. Stefanson: Mr. Chairman, as I indicated we are looking at various collection points. In the case of the Ontario-Manitoba border we are looking at the weigh-scale location. There might be instances where we utilize RCMP offices or Department of Finance offices, whatever is the most convenient location in way of having people pay the tax when the tax is due.

Mr. Leonard Evans: I have another question that relates to page 10 regarding—provides for the release of up to 20 units of seized tobacco if triple tax is paid within seven days and the tobacco stamp were applicable. In other words, if someone caught, found out having brought in more or perhaps declared that they perhaps had more—no, I guess it would be if they were caught and then this were seized, you are saying you are allowing them, instead of prosecuting them, you offer them this triple tax. Is that correct?

Mr. Stefanson: This clause effectively expedites the process and ends up with the individual paying the

equivalent of what they would pay by going through the courts.

Mr. Leonard Evans: Okay, why triple tax? Is that what the courts have been including in their sentences or in their decisions, a triple tax as such?

Mr. Stefanson: Yes, that has been the experience.

Mr. Leonard Evans: I wonder if I could just ask one other detailed question. What will the price be in Manitoba with the tax? Someone comes at the border, has four or five units, wishes to pay the tax, what is the bottom line, what will be the price of a package of cigarettes or a carton of cigarettes compared to buying a carton of cigarettes normally at a retail store in the province?

Mr. Stefanson: The differential between Ontario and Manitoba will be \$4 per carton which is the difference in the federal tax basically.

Mr. Leonard Evans: So there is sort of an economic incentive, if you will, financial incentive, in a sense, to buy your cigarettes in Ontario and bring them to Manitoba.

Mr. Stefanson: Mr. Chairman, we do not think there will be much based on the limitation of up to five and the distance to be travelled for most Manitobans and so on, but there is a difference and we acknowledge that. That is one of the problems with having a different federal tax rate in different provinces across Canada, but we do not think it will be enough of a financial incentive for individuals to want to drive to Ontario.

Mr. Leonard Evans: Has the minister considered some tax adjustments that would make up for this differential?

Mr. Stefanson: Mr. Chairman, the short answer, no, we have not entertained that idea. As I indicated, we do not feel that there is enough of a financial incentive for Manitobans to want to travel to Ontario just to buy cigarettes.

Mr. Chairperson: Shall Clause 11 pass?

Mr. Doer: This is why I was asking the heart and lung association. You have, say, three or four people go for a day maybe to Kenora or whatever and you are entitled to buy one carton now, what is the difference with the one carton? It is about \$25 a carton. The difference between \$45 and \$20 or in that range, between \$20 and \$25?

Mr. Stefanson: Mr. Chairman, approximately \$20.

* (1940)

Mr. Doer: So you do not think that going--and this is the question I had to the heart and lung association--you would have people that are going out for an outing and buy the cigarettes--[interjection] Heart and Stroke, yes. You do not think that they will buy one at the lower rate and then two or three others at \$4 per carton less, if your research indicates that will not happen. In other words, we have more cigarettes coming in.

Mr. Stefanson: Mr. Chairman, I guess our research of the issue after dealing with this for in excess of a year now is that we do not foresee that as being a problem.

Mr. Doer: I was going to ask you about why have your name in such small letters on the Ontario-Manitoba border compared to most political signs they have, but I will not ask that. I will not ask you that question. I would want to—

Mr. Stefanson: We are in the process of enlarging it.

Mr. Doer: Are you? That is a caucus decision. Well, at the other side of the border, it is unfortunately the same thing right now. It takes some time to change things around.

I want to ask the question about the impact on the retail industry here in Manitoba. I have relatives who own stores in Winnipeg and they tell me that this does have an impact on their sales. I have heard the Minister of Finance (Mr. Stefanson) saying it does not. They tell me they are selling a lot less cigarettes, particularly between the weekends of May and October, but particularly in July and August. They tell me that they

are selling a lot less cigarettes today than they were two years ago.

I just go by their stories to me. They say it has had an impact on their sales and therefore it must have an impact on your revenue, our collective revenue.

Mr. Stefanson: The Leader of the Opposition and I have discussed this before. I am not suggesting that there might not be some individual shifts between individual businesses but on a province-wide basis, using our tobacco tax revenue as a gauge of what is happening out there, our tobacco tax revenues are on target, hitting our targets both this year and last year. This year we budgeted for approximately a 3 percent to 3.5 percent reduction which is really related to consumption, what we are being told by various organizations and so on in terms of what the expected reduction in consumption will be.

I believe this year our revenues come in at \$114 million, and we continue to be on target on a province-wide basis. So there might be some shifts between some individual facilities, but overall I believe that Manitobans, by and large, are maintaining their traditional purchasing patterns and buying their cigarettes here in Manitoba.

Mr. Doer: You indicated \$14 million. What was the revenue at the fiscal year '93-94?

Mr. Stefanson: I stand to be corrected precisely, but it was approximately for '94-95, it was about \$117 million; '93-94, approximately \$120 million in tobacco tax revenue.

Mr. Chairperson: Clause 11—pass; Clause 12(1)—pass; Clause 12(2)—pass; Clause 12(3)—pass; Clause 13—pass; Clause 14—pass; Clause 15(1)—pass; Clause 15(2)—pass; Clause 15(3)—pass; Clause 15(4)—pass; Clause 15(5)—pass; Clause 15(6)—pass; Clause 15(7)—pass; Clause 16—pass; Clause 17—pass; Clause 18—pass.

Mr. Edward Helwer (Gimli): My question is in regard to the taxation, the difference between western Canada and eastern Canada. It seems that we are subsidizing the eastern provinces again. I wonder if the

federal government is willing to forego this money for Ontario and Quebec. Perhaps the minister can tell us, are they willing to perhaps transfer that money to the provinces of western Canada?

Mr. Stefanson: I think the important issue there--and we have communicated with the federal government and requested a consistent federal taxation policy, that there should not be a two-tier federal taxation policy like we have in place right now where less tax is paid in the eastern provinces than in the four western provinces. One way or the other they should either be reducing it accordingly here in Manitoba, or I think our preference all along in concert with organizations like the Heart and Stroke, the Lung Association has been that they reinstitute the taxation policies they had in place prior to making the changes to deal with what was a smuggling problem, as mentioned in the province of Quebec, that it has now become a problem for most provinces in Canada. I mean, as a result of that decision, it is creating problems for other provinces.

Mr. Leonard Evans: Related to the question asked by the member for Gimli (Mr. Helwer), does the minister

have any approximation or rough estimate of what penalty in effect is being imposed on Manitoba because of this federal policy? Do you have any idea? Can you quantify it in any way?

Mr. Stefanson: Mr. Chairman, I am not sure if this is in direct response to the question, but to compare taxes paid by Manitobans, there would be about an additional \$12 million in federal taxes paid in Manitoba on federal tobacco taxes as a result of having a higher federal tax rate in our province compared to the eastern provinces, \$12 million.

Mr. Chairperson: Preamble—pass; Title—pass. Bill be reported.

The time is now 7:49 p.m. What is the will of the committee? Committee rise. Thank you very much, ladies and gentlemen.

COMMITTEE ROSE AT: 7:49 p.m.