



Public Safety Sécurité publique
Canada Canada

Deputy Minister Sous-ministre

Ottawa, Canada
K1A 0P8

JUN 25 2013

Mrs. Sonia L'Heureux
Parliamentary Budget Officer (interim)
Library of Parliament
Ottawa, Ontario K1A 0A9

Dear Mrs. L'Heureux:

Thank you for your correspondence of June 11, 2013, related to the cost estimate for Bill S-16: *An Act to amend the Criminal Code (trafficking in contraband tobacco)*.

This legislative proposal delivers on the Government's commitment to help reduce the problem of trafficking in contraband tobacco by establishing mandatory jail time for repeat offenders. The new offence proposed under Bill S-16 is designed to target organized crime groups and their associates that are trafficking high volumes of contraband tobacco.

Currently, the possession of contraband tobacco is addressed through the *Excise Act, 2001*. Bill S-16 provides investigators and federal prosecutors would have an additional tool and the option of proceeding under either statute. As such, the implementation and application of Bill S-16 may result in a decrease in utilization of the *Excise Act, 2001*, as it relates to the enforcement of contraband tobacco.

Although it is difficult to predict, it is possible that investigations and prosecutions of this proposed new offence may be more complex and resource intensive than the existing prohibition related to contraband tobacco under the *Excise Act, 2001*, due to the additional elements involved in trafficking in contraband tobacco.

Lastly, the existing prohibition utilized by federal enforcement agencies to address possession, sale and offer for sale of contraband tobacco under the *Excise Act, 2001*, carries both mandatory minimum fines as well as jail terms of up to a maximum of five years. The penalty provisions for first offense under the Bill remains the same as *Excise Act, 2001*; however, the penalties for the mandatory minimums for second and subsequent offenses falls within the provincial correctional system.

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As a result, it is not anticipated that there would be any new costs to the federal corrections system. With respect to the implementation and application of Bill S-16, any potential increase in costs would be internally absorbed within existing resource levels.

The Government has provided the Royal Canadian Mounted Police (RCMP) with the tools required to combat contraband tobacco. In March 2013, at the time the Bill was introduced, the Government announced a new RCMP Anti-Contraband Force of 50 officers, which will lead federal efforts to target organized crime groups involved in the contraband tobacco market. There is no new cost for this initiative, as it is being absorbed from within existing resource levels. Further, any potential costs resulting from an increase in demand for prosecutorial services would be absorbed within existing resource levels.

I trust this information fulfills your request. Please do not hesitate to contact me should you require any further information.

Sincerely,


François Guimont

c.c.: Rick Stewart,
Assistant Secretary to the Cabinet, Privy Council office, Liaison Secretariat for
Macroeconomic Policy