



NEWS RELEASE

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ONTARIO NEEDS A COMPREHENSIVE PLAN ON CONTRABAND TOBACCO

Reducing Tobacco Taxes is Ineffective and Unsound Strategy and Puts Public Health at Risk

Toronto – The rampant contraband tobacco problem in Ontario needs a comprehensive solution, and cutting provincial tobacco taxes should not be part of the plan, according to the Ontario Campaign for Action on Tobacco (OCAT). Members of the group have unanimously rejected Bill 199, a private member's bill aimed at reducing taxation on tobacco in Ontario, which will be debated in the Legislature on Thursday, September 24, and are encouraging the government to develop and implement a provincial strategy to deal with the issue.

The most recent provincial Auditor General's report estimates Ontario is losing \$500-million in taxes due to contraband tobacco. This represents lost revenue for Ontario's health care system, which affects everything from prevention through to long-term care.

"What Ontarians need is a detailed plan of how the government will address the issue of contraband tobacco," said Michael Perley, director of OCAT. "A provincial anti-contraband strategy, which should include various enforcement and legislative initiatives, is long overdue and urgently needed to bring contraband under control."

Suggested measures include, among others:

- Banning the supply of raw materials required for manufacturing cigarettes to unlicensed retailers;
- Increased funding for enforcement and the active involvement of all levels of policing in Ontario in the search for and seizure of contraband;
- Progress toward shutting down unlicensed manufacturers in both Canada and the United States;
- A comprehensive public education campaign about the damage caused by contraband tobacco, particularly its impact on youth initiation and current smoking rates.

Studies from independent research groups, as well as the tobacco and retail industries, consistently show high (and increasing) levels of contraband sales across Ontario, with ongoing expansion into other provinces. Outside of Ontario, calls have been made by the retail industry to lower taxes on tobacco, and this is something to keep an eye on in this province, said Mr. Perley.

In 1994, the federal and some provincial governments, including Ontario, collectively reduced tobacco taxes by approximately 50 per cent to address a smuggling problem fueled by the tobacco industry. The results of this initiative included an increase in smoking rates and youth initiation, a decrease in tobacco tax revenues, and 40,000 excess deaths according to a draft assessment by Health Canada.

"The tobacco industry was deeply involved in the cross-border smuggling that led to the tax cuts in the early 90's," said the Honourable Susan Whelan, CEO of the Canadian Cancer Society's Ontario Division. "While partial justice has been obtained through the recent

Founding Agencies

Canadian Cancer Society
Ontario Division

Heart and Stroke
Foundation of Ontario

Non-Smokers'
Rights Association

Ontario Lung Association

Ontario Medical Association

Supporting Agencies

Association of Local
Public Health Agencies

Cancer Care Ontario

Ontario Association of
Children's Aid Societies

Ontario Association of
Naturopathic Doctors

Ontario Federation of Home
and School Associations

Ontario Physical and Health
Education Association

Ontario Public Health
Association

Physicians for a
Smoke-Free Canada

Registered Nurses
Association of Ontario

The Ontario College
of Family Physicians

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settlement with Rothmans Benson and Hedges and Imperial Tobacco Ltd., not a single industry executive has been held to account, and the financial penalties levied did not fit the crimes. The loss to the treasury, and most importantly the unnecessary loss of life, can never be recovered.”

A reduction in taxes also flies in the face of research which shows tobacco tax increases to be the most effective tobacco control intervention available. “Research from both Europe and North America has consistently shown that tax increases directly lead to reductions in consumption, particularly among younger people, who are more price-sensitive than adults,” said Dr. Marco di Buono, Director of Research of the Heart and Stroke Foundation of Ontario.

“Even if tobacco taxes in this province were reduced by 100 per cent, a carton of cigarettes would still sell for more than four times the cost of a bag of contraband,” said Ontario Lung Association President George Habib. “And we would be left with even lower tax revenue for the public health system, more youth starting to smoke, and an increase in preventable and unnecessary disease and death.”

The Ontario Campaign for Action on Tobacco was founded in 1992 by the Canadian Cancer Society (Ontario Division), the Heart and Stroke Foundation of Ontario, the Non-Smokers' Rights Association, the Ontario Lung Association and the Ontario Medical Association to promote comprehensive tobacco control in Ontario.

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