



More Detail Needed on Ontario Budget's Actions to Address Contraband Tobacco

Toronto – (March 28th, 2018) Today, the National Coalition Against Contraband Tobacco (NCACT) welcomed the Ontario government's announcement that it will be introducing new measures to address the province's booming contraband tobacco problem, but warned that dramatically-increased tobacco taxes will hinder the efficacy of new measures by encouraging the purchase of illegal tobacco.

"While these are positive commitments, it will be important to see how they translate into concrete action to address contraband tobacco," said Gary Grant, a 39-year veteran of the Toronto Police Service and national spokesperson for the NCACT. "Quebec has shown that such measures can have a meaningful reduction to illegal cigarettes if there's a real commitment from government. The scope and funding for the new programs will show how serious Ontario is."

The budget committed to:

- Expanding the size of the Contraband Tobacco Enforcement Team
- Expanding partnerships with regional and local police services by establishing a local law enforcement grants pilot project that will make funding available to law enforcement partners in support of tobacco investigations.
- Supporting enforcement efforts to address complex unregulated tobacco distribution networks in the province by proposing an amendment in the *Tobacco Tax Act* that would allow the court to authorize the use of tracking devices in an investigation.
- Explore the implementation of automated "track and trace" technology that will monitor the movement and location of raw leaf tobacco through the supply chain

Quebec has used a similar program, called *Acces Tabac*, for some years. Just yesterday, their provincial budget highlighted that the program has helped reduce contraband to less than 12% of the overall market and has netted the province an additional \$186 million in revenues.

"Ontario has Canada's worst contraband problem, with more than 1 in 3 cigarettes being illegal. Cheap, readily available illicit tobacco is a cash cow for organized crime that use it to fund guns, drugs and human smuggling. Ontario has a long way to go to catch up to Quebec, and continuing with a previously-announced \$8 increase in tobacco taxes will only handicap the success of new measures."

Contraband tobacco was identified as a key area of loss to the underground economy in the Drummond report, and the Canadian Taxpayers Federation has estimated that illegal cigarettes cost Ontario taxpayers as much as \$1.1 billion in lost revenues each year.

“Quebec has shown that it’s possible to reduce contraband and increase revenues,” concluded Grant. “We look forward to more details on how exactly these programs will be implemented. We hope to work with the government to make sure that these new measures are as effective as possible in addressing this important problem.”

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The National Coalition Against Contraband Tobacco is a Canadian advocacy group formed by organizations and associations concerned about the growing danger of contraband cigarettes. NCACT members share the goals of working together to educate people and urge government to take quick action to stop this growing threat. More information about the Coalition can be found on our website, www.stopcontrabandtobacco.ca.

For more information, contact:

Michael Powell

(p) 1-866-950-5551

(m) 613-797-7313

(e) info@stopcontrabandtobacco.ca