

FOR IMMEDIATE RELEASE

PBO Finds Federal Budget Will Drive Criminal Activity

May 5th, 2021 – The National Coalition Against Contraband Tobacco's (NCACT) responded to the Office of the Parliamentary Budget Officer's (PBO) Legislative Costing Note today on the tobacco tax increase included in the recently tabled federal budget.

"While the PBO report found that the recently implemented tobacco tax increase will not increase government revenue, it is clear that it will directly contribute to the growth of the contraband tobacco market in Canada," began Gary Grant, the NCACT's National Spokesperson. "With the RCMP estimating that there are over 175 organized crime groups involved in the illicit trade, it's clear that the federal government is driving criminal activity across Canada."

The Legislative Costing Note found that past federal excise tax increases on tobacco have contributed to the contraband tobacco market. They also found that the 3% price increase will result in a reduction in legal cigarettes sold by 1.4%.

"With this tax increase, the government is driving smokers to illegal cigarettes that are already sold by the millions every day. In Ontario alone, 1 in 3 cigarettes sold is illegal, which directly funds criminal gangs also involved in the sale of drugs like cocaine and fentanyl and makes tobacco products and those drugs more easily accessible to minors," continued Grant.

Ontario continues to be the epicentre of the contraband tobacco market in Canada, with an estimated \$1.1 billion lost every year in federal excise taxes and provincial tobacco taxes. Other provinces such as Manitoba, Quebec and New Brunswick have also seen a spike in criminal activity tied to the sale of illegal cigarettes, with an estimated \$2 billion in taxes lost nationally and growing.

"While provinces are implementing policies to combat criminal gangs involved in contraband tobacco, the federal government continues to be absent in any action to address this issue. Instead, they are driving criminal gang activity through tax increases that will only contribute millions more of dollars to the pockets of organized crime groups," concluded Grant.

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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.

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