



February 29, 2024

Honourable Ernie Steeves
Minister of Finance and Treasury Board
Chancery Place, P. O. Box 6000
Fredericton, NB
E3B 5H1

NCACT Submission to the 2024 New Brunswick Budget

Minister Steeves,

The National Coalition Against Contraband Tobacco (NCACT) is a Canadian advocacy group formed with the participation of businesses, law and order organizations and individuals concerned about the growing danger of contraband cigarettes.

The illicit tobacco trade has serious consequences for the safety of our communities. Current economic pressures, high taxation levels, and the rising cost of living will continue to push smokers to buy illegal tobacco, resulting in lost tax revenue and an increase in organized crime – guns, drugs, and human trafficking. This illegal, multi-billion-dollar industry is costing the government millions in lost tax revenues every year, jeopardizing the safety of communities and small businesses across the province.

In the last year, the government reported seizing over one million contraband cigarettes that are absent of tax revenues that support government programs like healthcare, education, and more. We applaud the government in its recognition of the growing problem, reminding residents that it is illegal to sell and be in possession of contraband tobacco and what the associated penalties are.

New Brunswick needs to take further action to provide law enforcement with the necessary resources to combat organized crime and prevent a rise in contraband tobacco in the province. We propose the following recommendations for the 2024 New Brunswick budget.

Increased enforcement

Every police service across the province is facing the same issue: a lack of financial resources and staff. While the issue of limited resources has persisted for decades, it limits police services to their top priorities and most violent crimes, like homicides, gang violence and drugs. While important, these priorities are all tied to contraband tobacco, which in turn fuels other illicit activities and organized crime. Evidence shows that the organized crime groups involved in contraband tobacco are also closely linked to the sale and distribution of drugs and guns.

To support local and provincial police services in New Brunswick, NCACT is asking the Government of New Brunswick to increase funding to expand contraband tobacco investigations including dedicated resources like Quebec's Accès Tabac. Quebec's initial investment to increase enforcement is now reinvested and the program is sustained by the revenue that is recovered from contraband tobacco.

Working with federal and Ontario counterparts

Illicit tobacco is predominantly manufactured in Ontario. There are over 300 illegal smoke shacks selling contraband tobacco in Ontario alone. Organized crime groups then ship the contraband tobacco across

the country to other provinces – including New Brunswick – where it is sold illegally putting our communities in danger.

We urge the Government of New Brunswick to work with its counterparts in the federal government and Ontario to increase enforcement of the manufacturing and sale of contraband tobacco.

No further tax increases

Since 2017, the federal government has annually increased the excise duty rates on tobacco products, as well as introduced surprise increases as seen in 2021. This, with provincial tobacco tax rates, have encouraged smokers to purchase tobacco from the less expensive illegal market. Evidence shows that increases in price differentials between legal and illegal tobacco helps the contraband market increase its footprint. While taxation continues to be an effective tobacco control measure, it is ineffective without actions taken against contraband tobacco.

NCACT is asking the Government of Brunswick to maintain a prudent tax policy that keeps legal tobacco costs from rising until illegal tobacco is removed from the market. New Brunswick should institute a freeze on any tobacco tax increases, as they actively push smokers into the illicit market, impacting the health and safety of our communities.

By taking steps to enforce existing laws and curb the flow of illegal tobacco, the Government of New Brunswick will increase its revenues and further its public health goals. We welcome the opportunity to meet with you to discuss our proposal in detail and answer any questions.

Sincerely,



Rick Barnum
Executive Director
National Coalition Against Contraband Tobacco

Cc Honourable Hon. Hugh J.A. (Ted) Flemming, K.C.
Attorney General and Minister of Justice