



January 26, 2024

Honourable Allan MacMaster
Minister of Finance and Treasury Board
Department of Finance and Treasury Board
PO Box 187
Halifax NS B3J 2N3

NCACT Submission to the 2024 Nova Scotia Budget Submission

Minister MacMaster,

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. We are calling on the Government of Nova Scotia to address contraband tobacco, with a serious plan that tackles this rampant and growing problem. This illegal, multi-billion-dollar industry is costing the government millions in lost tax revenues every year and jeopardizing the safety of communities across the province.

Service Nova Scotia recently stated that the government seized approximately three million contraband cigarettes in 2023, representing close to \$900,000 of lost tax revenue. This number increased following the pandemic and we know it will continue to rise year over year unless the government increases enforcement of contraband tobacco.

Nova Scotia needs to take 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 Nova Scotia 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 crime, 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 Nova Scotia, NCACT is asking the Government of Nova Scotia to increase funding to expand contraband tobacco investigations including dedicated resources.

Illicit tobacco is predominantly manufactured in Ontario. There are over 300 illegal smoke shacks manufacturing and selling contraband tobacco in Ontario alone. These illegal factories can produce as many as 10,000 cigarettes a minute. Organized crime groups then ship the contraband tobacco across the country to other provinces – including Nova Scotia – where it is sold illegally putting our communities in danger.

We urge the Government of Nova Scotia to work with its counterparts in Ontario and across Canada 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 in the province 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 Nova Scotia to maintain a prudent tax policy that keeps legal tobacco costs from rising until illegal tobacco is removed from the market. Nova Scotia 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 Nova Scotia 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 Brad Johns
 Attorney General and Minister of Justice

 Honourable Colton LeBlanc
 Minister of Service Nova Scotia