

TOBACCO IN CANADA

PHYSICIANS FOR A SMOKE-FREE CANADA

FALL 2003



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PART 1

Who Smokes?

21% of Canadians over the age of 15 are smokers – a total of 5.4 million Canadians.

- Smoking is increasingly associated with poverty and disadvantage.
- Aboriginal Canadians smoke at among the highest rates in the world. Smoking is also more common among Canadians who work in primary resource industries and those who have been unemployed for long periods.
- Smoking rates vary considerably by region and by social grouping. In 2002, the lowest rates were recorded in B.C. (16%) and the highest in Quebec (26%).

Sources: *Canadian Tobacco Use Monitoring Survey, 2002 (wave 1)* . *Health Canada Web-site (aboriginal rates)*

2002 (unless otherwise stated)	Percentage who smoke
• Men	23%
• Women	20%
• Adolescent boys (15-19 years)	21%
• Adolescent girls (15-19 years)	23%
• Young men (20-24 years)	31%
• Young women (20-24 years)	30%
Aboriginal Canadians (undated)	
• First Nations	56%
• Metis	57%
• Inuit	72%
By province	
• Newfoundland	24%
• Prince Edward Island	23%
• Nova Scotia	25%
• New Brunswick	21%
• Quebec	26%
• Ontario	20%
• Manitoba	21%
• Saskatchewan	21%
• Alberta	23 %
• British Columbia	16%

Smoking rates are at the lowest levels in decades.

Smoking rates in Canada have fallen greatly from their highest point in the mid-1960s.

In recent years (i.e. since 1999), reductions in smoking have been at one of the sharpest rates in Canadian history.

Between 1999 and 2002, there are:
 700,000 fewer smokers in the total population
 111,000 fewer smokers among adolescents (15-19)
 5.9 billion fewer cigarettes smoked

Canadian women are among the world's heaviest smokers

In Canada, slightly more men than women smoke. There are about 2.5 million Canadian women who smoke currently.

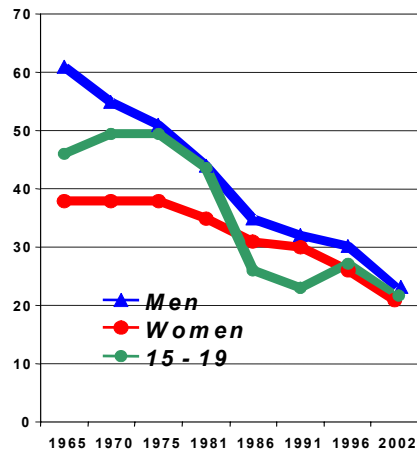
For years, men smoked at much higher rates than women. Over the last decades, the rate of smoking among men has fallen at a much faster rate than the rate of women who smoke.

Among teenagers, girls are now smoking more than boys

In the mid 1990s, Canada had the 7th highest rate of women's smoking in the world, according to the World Health Organization. For men, Canada ranked 73rd.

Sources: Health Canada, National Clearinghouse on Tobacco and Health, World Health Organization

Canadian Smokers 1965 - 2001



	1965	1970	1975	1981	1986	1990	1996	2002
Adults (15 +)	%	%	%	%	%	%	%	%
• Total	49.5	46.5	44.5	39.5	33	31	28.9	21
• Men	61	55	51	44	35	31	31.5	23
• Women	38	38	38	35	31	28	26.3	20
15 - 19 years								
• Boys	55	56	51	45	24	21	27.3	21
• Girls	37	43	48	42	28	21	31.0	23
20 - 24 years								
• Men	69	61	56	48	38	35	39.0	31
• Women	50	52	49	50	39	34	31.9	30
25 - 44 years								
• Men	69	61	55	48	39	36	36.2	
• Women	48	45	43	38	36	34	30.6	

PART 2

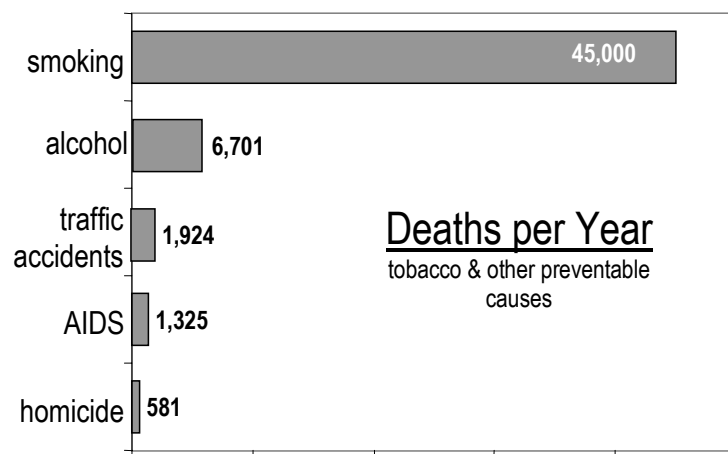
Cigarettes are the leading cause of preventable death

45,000 Canadians die from smoking each year – and the number is still growing.

Tobacco is responsible for one in five deaths in Canada. This is roughly five times the number of deaths caused by car accidents, suicides, drug abuse, murder and AIDS combined.

The chance of dying from smoking for long-time smokers is 1 in 2. Deaths from smoking result in 15 years loss of expected life, on average.

About half the deaths from smoking happen before the smoker reaches 70 years of age. These smokers lose an average of 22 years of life. Older persons (70 and over) who die because of smoking lose an average of 8 years of life expectancy.



Of the 45,000 deaths each year:
 29,000 are among men
 16,000 are among women
 100 are among infants

Sources: Health Canada, National Clearinghouse on Tobacco and Health, Canadian Centre for Substance Abuse.

Cigarettes Kill:

17,600 Cardiovascular Deaths

Coronary heart disease and stroke are 2 to 4 times more common in smokers than non-smokers.

Cigarettes cause:

- Heart attacks and sudden cardiac death (ischemic heart disease)
- Stroke (cerebrovascular disease)
- Hardening of the arteries (atherosclerosis and peripheral vascular disease) – leg pain, difficulty walking, gangrene, amputations, aneurisms.

17,700 Cancer Deaths

Tobacco is responsible for 30% of all cancer deaths. Smoking causes cancer of the:

- Lungs
- Oral cavity
- Pharynx
- Larynx
- Esophagus
- Pancreas
- Kidney
- Bladder

9,500 Respiratory Deaths

Tobacco use results in 80 – 90% of all chronic obstructive pulmonary disease (COPD). Far more than all other risk factors, including air pollution and occupational exposure, it causes these conditions.

Cigarettes cause or increase the risk of

- chronic bronchitis
- emphysema
- pneumonia

45,000 Deaths Per Year in Canada

Cigarettes will soon kill as many women as men

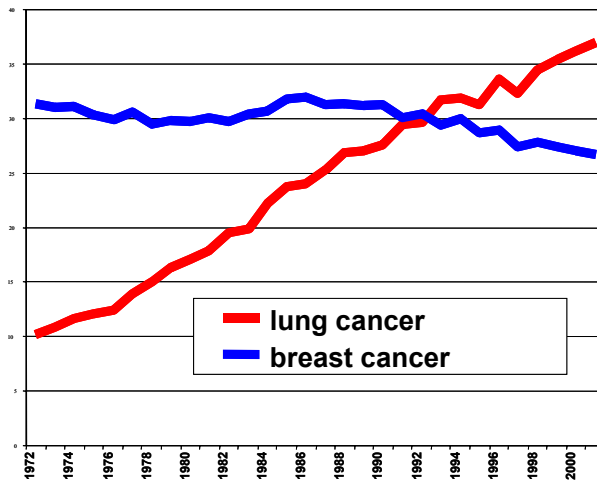
Until the 1970s and 1980s, women smoked at much lower rates than men in Canada. Because cigarettes take about 20 years to kill most smokers, the impact of smoking on women's death rates is becoming more evident.

Smoking deaths among women increased from 9,009 in 1985 to 15,986 in 1996, an increase of 77%. The number of deaths among men remained relatively constant.

"As a result of the dramatic rise in female smokers in the 1960s and 1970s, it is expected that female smoking-related deaths will continue to rise until the turn of the century and may reach, or even exceed, male levels by the year 2005."

- Health Canada Press Release, Jan 1999

Cancer deaths among women, 1972 - 2000



Cigarettes kill 43 Canadian women each day

- Every 35 minutes, a Canadian woman dies as a result of smoking.
- Lung cancer kills more women than breast cancer.
- Women who smoke get more coughs, colds and minor illnesses.
- Women who smoke have decreased bone density (osteoporosis) and an increased risk of fracture.
- Women who smoke AND use birth control pills are at a much higher risk of stroke or heart disease.
- Death by stroke is five times higher in women who smoke.
- Smoking doubles the risk of cervical cancer.
- Heart disease kills 4 in 10 Canadian women. For women, smoking triples the risk of dying from heart disease.
- Middle-aged women who smoke are likely to be as wrinkled as non smokers who are 15 to 20 years older.

Source: Health Canada, National Clearinghouse on Tobacco or Health

PART 3

Cigarettes kill non-smokers

No Canadian health authority has produced a comprehensive estimate of the number of Canadians who are killed from second-hand smoke, but international scientific reviews indicate that second-hand smoke is the third leading cause of preventable death (after smoking and drinking alcohol).

A decade-old Health Canada review estimates that 300 non-smoking Canadians are killed from lung cancers caused by breathing air polluted with cigarette smoke. A more recent

review identified a further 800 deaths from coronary heart disease. Other estimates of coronary heart deaths from second hand smoking are much higher.

Many medical authorities believe that even low-levels of exposure to second-hand smoke can contribute to the development of plaque in the arteries of non-smokers, and thus lead to heart disease and deaths from heart attacks and strokes.

The most recent and most comprehensive review of the health effects of second-hand smoke was conducted by the California Environmental Protection Agency. It found that 4,700 to 7,400 Californians died from diseases resulting from their exposure to cigarette smoke.

Sources: California Environmental Protection Agency, 1997

Cigarettes Kill

1 in 3,300 to 1 in 5,500
Canadian Non-Smokers Each Year

Adults
360 lung cancer
4,200 – 7,400 heart disease

Children
120 Sudden Infant Deaths
16-25 Bronchitis/pneumonia

= 4,696 – 7,945 Non-Smoker Deaths

There is no safe level of exposure to cigarette smoke

Tobacco smoke contains more than 4,000 substances, of which more than 40 are known to cause cancer. The U.S. EPA has classified cigarette smoke as a Class A carcinogen.

These carcinogens include:

Arsenic, nickel, chromium, cadmium, lead, polonium-210, vinyl chloride, formaldehyde, benz[a]anthracene, benzo[b]fluoranthene, benzo[j]fluoranthene, benzo[k]fluoranthene, benzo[a]pyrene, chrysene, dibenz[a,h]anthracene, dibenzo[a,l]pyrene, dibenzo[a,l]pyrene, indeno [1,2,3-c,d] pyrene, 5-methylchrysene, quinoline, dibenz[a,h]acridine, dibenz[a,j] acridine, 7H-dibenzo[c,g]carbazole, N-nitrosodimethylamine, N-nitrosoethylmethylamine, N-nitrosodiethylamine, N-nitrosopyrrolidine, N-nitrosodimethylamine, N'-nitrosornicotine, 4-(methylnitrosamino)-1-(3-pyridyl)-1-butanone, N'-nitrosoanabasine, N-nitrosomorpholine, 2-toluidine, 2-naphthylamine, 4-aminobiphenyl, acetaldehyde, crotonaldehyde, benzene, acrylonitrile, 1,1-dimethylhydrazine, 2-nitropropane, ethylcarbamate, hydrazine.

Sidestream smoke, which does not include the smoke inhaled and subsequently exhaled by the smoker, is a major source of chemical pollution, equal or surpassing industrial sources.

Canada is the world leader in cigarette testing

Using methods developed by Health Canada, the government of British Columbia became the first jurisdiction to successfully demand disclosure from tobacco companies on the chemicals in their cigarette smoke in 1998.

Canadian manufacturers must now disclose to the B.C. government the additives used in the tobacco, paper and filter of each brand sold in B.C. and the levels in the smoke from each brand for 40 specific chemicals, including:

<i>Cadmium</i>	<i>Ammonia</i>
<i>Chromium</i>	<i>2-aminonaphthalene</i>
<i>Nitric Oxide</i>	<i>1-aminonaphthalene</i>
<i>Pyridine</i>	<i>4-aminobiphenyl</i>
<i>Quinoline</i>	<i>3-aminobiphenyl</i>
<i>Hydroquinone</i>	<i>Benzo(a)pyrene</i>
<i>Resorcinol</i>	<i>Formaldehyde</i>
<i>Catechol</i>	<i>Acetaldehyde</i>
<i>Phenol</i>	<i>Acetone</i>
<i>m+p-cresol</i>	<i>Acrolein</i>
<i>o-cresol</i>	<i>Propionaldehyde</i>
<i>Tar</i>	<i>Crotonaldehyde</i>
<i>Nicotine</i>	<i>Methyl ethyl ketone</i>
<i>Carbon Monoxide</i>	<i>Butyraldehyde</i>
<i>1,3-butadiene</i>	<i>Hydrogen Cyanide</i>
<i>Isoprene</i>	<i>Mercury</i>
<i>Acrylonitrile</i>	<i>Nickel</i>
<i>Benzene</i>	<i>Lead</i>
<i>Toluene</i>	
<i>Styrene</i>	

PART 4

Current tobacco legislation

Tobacco laws and regulations exist at all levels of government

Like many health issues, tobacco control is an area of shared jurisdiction.

- The federal government has laws restricting types of cigarette advertising and promotion, as do some Canadian provinces.
- Each jurisdiction has a law restricting the sale of cigarettes to minors, and providing a method for prosecuting retailers.
- Each jurisdiction has laws providing special cigarette taxes.
- Many jurisdictions have restrictions on smoking in certain workplaces and public places, or permitting subordinate levels of government (like municipalities) to implement their own measures.
- A few jurisdictions require reporting from tobacco companies to government.
- Some provinces ban cigarette sales in pharmacies.
- Some provinces ban counter top displays of cigarettes.

Mandatory retail signs where tobacco is sold in New Brunswick



Minimum age for tobacco sales

Newfoundland	18
Prince Edward Island	18
Nova Scotia	19
New Brunswick	19
Quebec	18
Ontario	19
Manitoba	18
Saskatchewan	18
Alberta	18
British Columbia	19

Federal legislation

Tobacco Act T-11.5 1997, c.13
 Non-Smokers' Health Act N-23.6 RS 1985 c15 (4th suppl.)

Provincial legislation & selected regulations

B.C. Tobacco Damages Recovery Act: Bill 37, 1997
 B.C. Tobacco Damages Recovery Amendment Act: Bill 30, 1998
 B.C. Tobacco Fee Act
 B.C. Tobacco Sales Act Chapter 451
 B.C. Tobacco Sales Amendment Act: Bill 28, 1998
 B.C. OHS Regulation
 B.C. Municipal Act

Alberta Protection from Secondhand Smoke in Public Buildings Act Chapter P-19.7
 Alberta Municipal Government Act

Saskatchewan Tobacco Control Act, 2002
 Saskatchewan Occupational Health and Safety Regulations

Manitoba Act to Protect the Health of Non-Smokers: Ch. S125
 An Act to Amend an Act to Protect the Health of Non-Smokers (2)

Ontario Tobacco Control Act, 1994 Ontario
 Ontario Smoking in the Workplace Act Chapter S.13 (1990)

Québec Tobacco Act: Bill 444

New Brunswick Tobacco Sales Act: Chapter T-6.1
 New Brunswick Chapter 17 (1997): An Act to Amend the Tobacco Sales Act

New Brunswick Bill 15 (1998): An Act to Amend the Tobacco Sales Act
 New Brunswick Municipalities Act: Chapter M22 (Excerpt: S11.1)

Nova Scotia Tobacco Access Act: Chapter 14
 Nova Scotia Smoke Free Places Act

PEI Bill 44: Tobacco Sales to Minors Act
 Smoke-Free Places Act, 2002

Newfoundland Tobacco Control Act: Chapter T-4.1
 Newfoundland Smoke-Free Environment Act: Chapter S-16.1



Ontario signage in public buildings where smoking is banned

PART 5

Multinational Tobacco Companies in Canada

“Canadian” cigarettes are made by foreign-controlled companies

There are three tobacco companies operating in Canada:

- Imperial Tobacco Ltd
- RJR-Macdonald Inc.
- Rothmans, Benson & Hedges, Inc.

Imperial Tobacco Ltd. is owned by U.K.-based British America Tobacco.

Two-third of Canada's manufactured cigarettes are made by Imperial Tobacco. The Globe and Mail reported that Imasco was Canada's 13th most profitable company in 1997. If Imperial Tobacco were separately reported, it would rank as Canada's 14th most profitable company.

Source: World Tobacco File, 2001

Brand & company	Market Share
Imperial Tobacco	69.8%
• Cameo	1%
• Du Maurier	32.1%
• Matinee	7%
• Players	28.0%
• Others	1 – 2%
JTI Macdonald	12.4%
• Export 'A'	11.1%
• Vantage	<1%
• Macdonald	<1%
• Other	<1%
Rothmans, Benson & Hedges	17.6%
• Benson & Hedges	3.3%
• Belvedere	1.6%
• Craven A	4.6%
• Mark Ten	<1%
• Number 7	1%
• Rothmans	4.5%
• Viscount	1%
• Others	1.1%

JTI-Macdonald is owned and controlled by Japan Tobacco, Because RJR-Macdonald stock is not traded separately, financial information on its operations is not readily available.

JTI-Macdonald controls approximately one-eighth of the Canadian manufactured cigarette market.

Rothmans, Benson & Hedges (RBH) major shareholder is Philip Morris International (40%). RBH was formed by the merger of the Canadian operations Rothmans and Philip Morris, but when Rothmans merged with BAT, the Rothmans holdings were sold in order to address concerns about increased concentration of ownership.

RBH has an approximate one-fifth share of the Canadian manufactured cigarette market. The Globe and Mail reported that in 1997, Rothmans was Canada's 120th most profitable company.

Increasing Profits

Tobacco products earn approximately \$1 billion for Canada's three cigarette manufacturers.

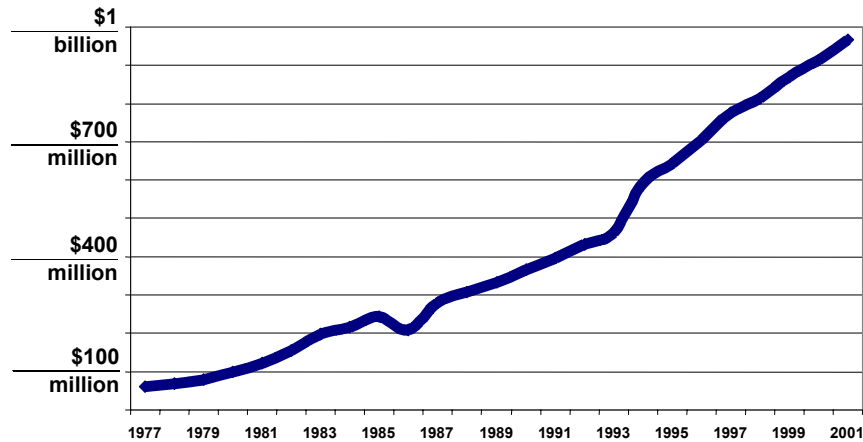
Imperial Tobacco earned a disproportionate \$815 million in 1998. Its profits have increased by 40% since taxes on cigarettes were decreased in 1994. On a per package basis, Imperial Tobacco profits climbed from \$0.40 before the tax roll-back to \$0.60 today.

Decreasing Employment

The increase in profitability of tobacco manufacturing in Canada is associated with increased mechanization and decreased direct employment. Industry Canada estimates that direct employment in this sector dropped by 12% between 1990 and 1996 (from 4,483 jobs to 3,943 jobs).

Source: Annual reports of IMASCO and Rothmans Inc., Industry Canada Strategis.

Imperial Tobacco Pre-tax Earnings, 1977-2001



PART 6

“Light” Cigarettes aren’t safer

The ‘Light’ Myth.

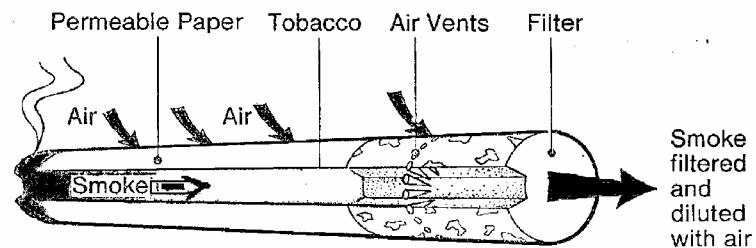
The label on the side of cigarette packages can be seriously misleading. The values it gives for tar, nicotine and carbon monoxide are much lower than those inhaled by real smokers.

For more than two decades, cigarette manufacturers have used smoking machines to test the levels of these poisonous compounds. Meanwhile, they have deliberately altered their cigarettes to give artificially low readings.

Many smokers are deceived by the numbers on the side of the pack. They think if they smoke lower-tar cigarettes they will be inhaling fewer cancer-causing chemicals.

The truth is, these cigarettes can give the same - or even higher - levels of carcinogens and toxins.

This illustration from a tobacco industry report on cigarette combustion shows how ventilation holes are placed where fingers will cover them.



Filter Vents: a 'loop-hole' to lower machine readings

By inserting tiny holes around the filter to allow extra air to mix with the tobacco smoke, the cigarette companies were able to reduce smoking-machine readings for tar, nicotine and carbon monoxide readings. On some cigarettes, these holes are visible to the human eye; on others, they are almost impossible to see. These holes are most often found on 'light' cigarettes.

It is difficult for smokers to avoid covering up the vent-holes. They are difficult to see, and they are placed on the part of the filter where they are automatically covered by fingers and lips.

Real smokers also inhale more often, and more deeply, than the machine does. For these reasons, smokers inhale much higher levels of cancer-causing tar, addictive nicotine and poisonous carbon monoxide than the levels listed on the package.

Better Methods – Truer Results

In pioneering research, the Office of Tobacco Control of Health Canada has developed new tests which more closely mirror realistic smoking conditions. These tests still use smoking machines, but changes are made so that the machine smokes more like a real person does. This involves:

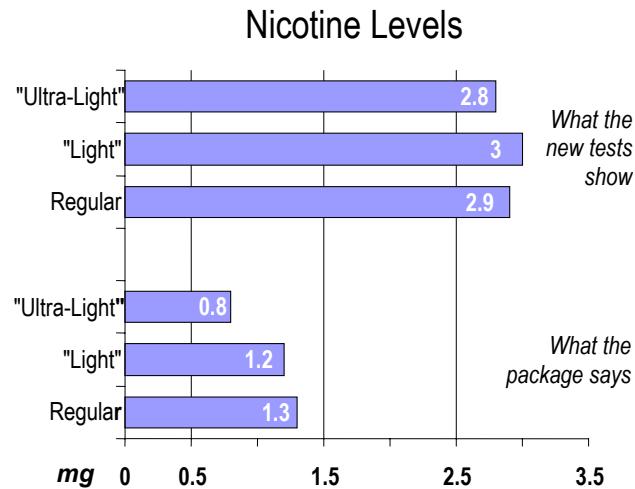
- Measuring bigger 'puffs' (closer to what smokers actually inhale)
- 'Puffing' as frequently as smokers do
- closing the vent holes on cigarettes

Results from tests with these new methods show few differences between brands of cigarettes. Virtually all cigarette brands - even those that are called 'light,' 'extra-light' and 'ultra-light' - yield high levels of tar, nicotine and carbon monoxide.

The 'light' label fools smokers

When asked what they thought "light" meant, almost half of smokers (47%) thought it meant less nicotine; one third (33%) thought it meant less tar. Only 9% thought it had to do with a 'milder taste.'

Source: Health Canada, Survey on Smoking in Canada, 1995; Kozlowski et al. AJPH, 1998, 15(1); Rickert, "smoking under Realistic Conditions."; BAT Conference on Tobacco Combustion, Parkhills Hotel, 15 & 16 December, 1982.



PART 7

Retailers advertise and sell cigarettes to kids

Most cigarette advertising is found near the candy counter.

Tobacco companies say they spend \$70 million each year promoting cigarettes at retail outlets. This is more than they spend on any other single advertising media.

Retail promotions come in the form of shelving displays, counter-top displays, clocks, posters, pamphlets, etc.

Over 20,000 Canadian retailers accept tobacco advertising and promotional items in their stores.

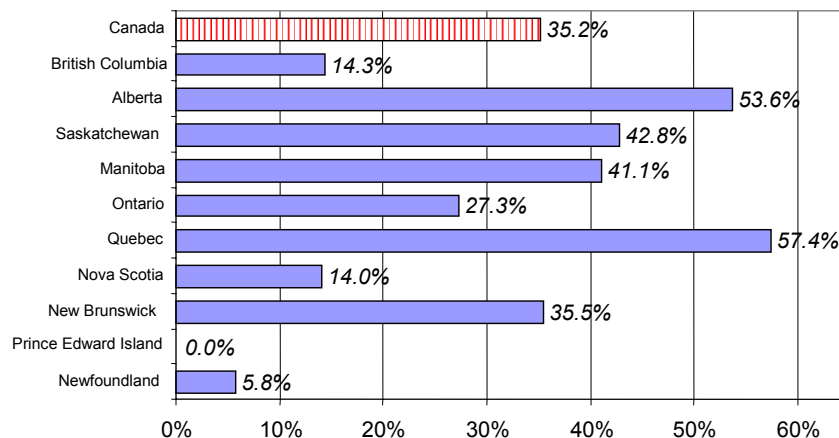
Not all stores sell cigarettes or carry tobacco promotion.

Retailers make \$750 million per year from cigarette sales

Cigarette prices vary widely across Canada, and so do retailer mark-ups. Industry data indicates that retailers make from 18 cents to 50 cents per package they sell.

A 3-cent-per-package increase in retail margins would replace the promotional revenues received from tobacco companies.

% Canadian Retailers displaying tobacco promotions, 2000



Many retailers are willing to sell cigarettes to kids.

ACNielsen conducts “secret-shopper” tests on Canadian retailers for Health Canada. The results show that almost 3 in 10 retailers are willing to sell cigarettes to children. The ACNielsen surveys also show that:

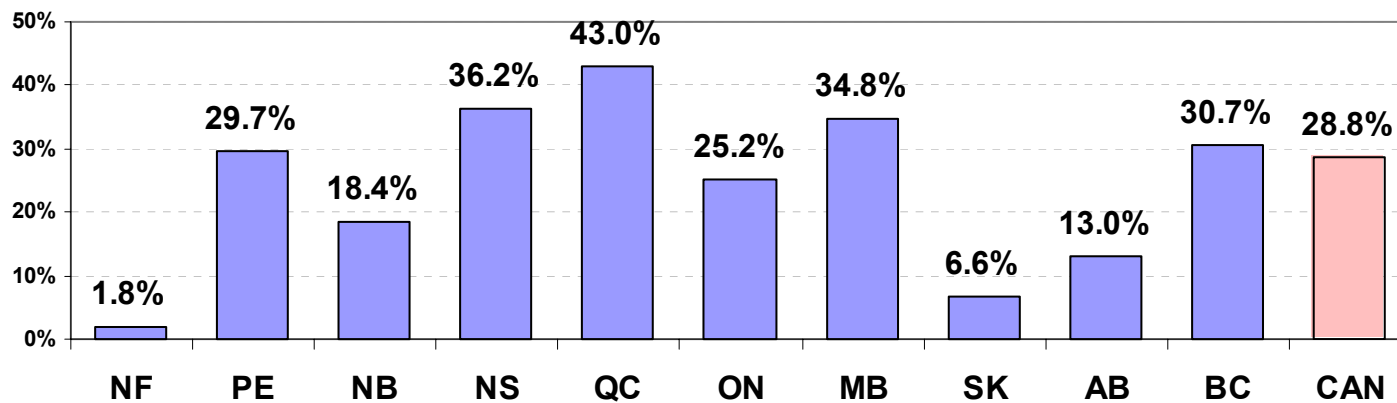
- Convenience chains are the most likely to obey the law
- Gas station outlets are the least likely to obey the law
- The younger the teen-aged shopper, the more likely a sale will be refused
- Retailers are more willing to sell to underage girls than boys.
- Teenage store clerks, and those over 65, are the most likely to sell to teenagers

Millions of offences: a handful of convictions.

Approximately 50 million cigarette packages are sold illegally to children every year. Few of these sales result in fines or suspension of licenses.

Sources: Health Canada, ACNielsen data provided to Health Canada and Physicians for a Smoke-Free Canada, Health Canada Youth Smoking Survey, 1994

Percentage of Canadian Retailers Willing to Sell Cigarettes to Kids, 2002



PART 8

Cigarette Advertising Remains

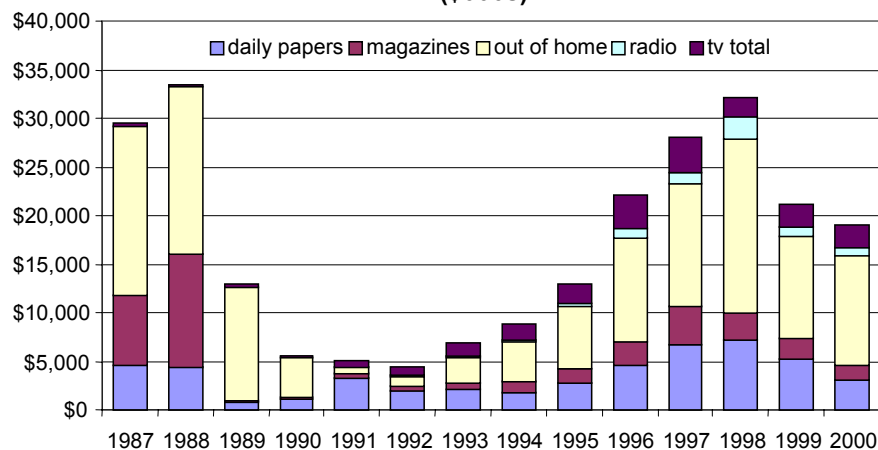
Cigarette advertising has diminished – but it hasn't gone away.

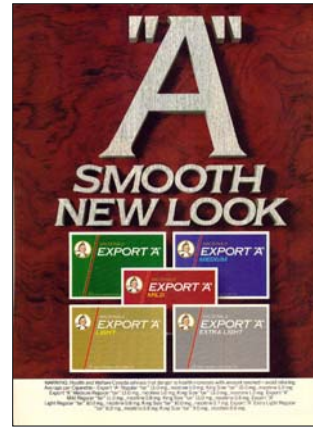
Tobacco companies have adapted to laws restricting advertising by changing the type of advertising. After the first attempt at a “total” ban on advertising in 1988-89, the companies found and expanded a sponsorship loop-hole to return their advertising expenditures to almost the same level as before the ban.

Tobacco advertising has existed under four legal regimes since 1985: a review of advertisements shows that lifestyle advertising has continued under each legal regime.

Sources: ACNielsen data provided to Health Canada & PSC

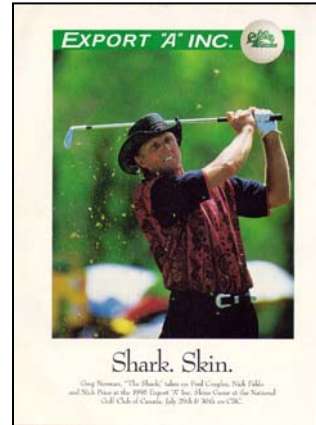
Tobacco Advertising Expenditures 1987-2000 (\$000s)





1986 pre Tobacco Products Control Act.

No restrictions, tobacco companies voluntarily place health warnings, human figures used.



1990-95 Tobacco Products Control Act in force.

Promotion of sponsored events allowed. Human figures used, with no health warnings

**1996 - post Tobacco Products Control Act,
Pre-Tobacco Act**

Industry voluntarily refrains from using human figures, and includes health warning.



**April 1997 to October 2000 Tobacco Act allows sponsorship promotions
in public venues (like billboards) Human figures are present, but health warnings aren't.**



**October 2000 –
October 2003
Tobacco Act allows
sponsorship
promotions, but only
on-site, in publication
and in bars**

*Some companies continue to run
retail promotions, and they all start
promotional events in bars..*

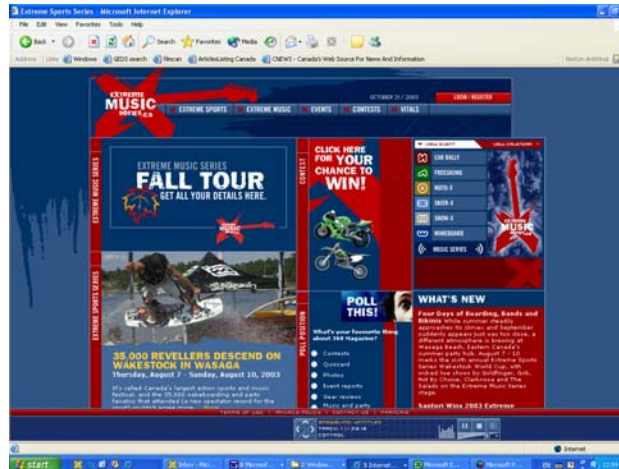
Cigarette girls return to Canada.



**After October 2003 -
Sponsorship Ends (in
theory), but sponsored
promotions continue**

*Some companies continue to run retail
promotions, and they all start
promotional events in bars..*

Cigarette girls return to Canada.



1988: Parliament Says “NO Ads.” (11 years later, they’re still there)

- **May 1988:**
Parliament passes C-51 (*Tobacco Products Control Act*) and bans all tobacco ads – including billboards and retail ads. Sponsorship advertising is only permitted for ‘corporate’ names, not brand names (i.e. IMASCO jazz, not du Maurier Jazz)
- **1988-89:**
Tobacco companies incorporate brand names (i.e. du Maurier Jazz Ltd.) to circumvent the law and keep on using billboard and retail ads.
- **Sept 1995:**
Supreme Court strikes down Tobacco Products Control Act because the government fails to provide evidence that a total ban is necessary to reduce smoking. The judges say nothing about sponsorship advertising.
- **April 1997:**
Tobacco Act proclaimed. Tobacco advertising isn’t totally banned – but billboard and retail advertising is. Sponsorship ads are allowed to remain on billboards and in stores until October 1, 1998.
- **June 1998:**
C-42 introduced. It allows billboard and retail ads to continue for a further two years.
- **October 1, 1998:**
Deadline to remove billboards and retail promotion for tobacco-brand sponsorships is not enforced.
- **December 10, 1998:**
Bill C-42 receives Royal Assent. Off-site sponsorship advertising allowed until October 1, 2000; Sponsorships banned October 1, 2003.

PART 9

Tobacco Taxes in Canada

For many Canadians, cigarettes are too cheap.

High taxes are one of the best ways to protect Canadian kids from smoking.

Country after country has shown that raising the price of cigarettes is one of the most effective ways to discourage kids from smoking and to encourage smokers to quit.

In some parts of Canada, tobacco taxes are high, and cigarettes are comparatively expensive. Even the most highly-taxed Canadian cigarettes are cheaper than those sold in the many OECD countries.

In 1994, the federal government launched a price-war on cigarette smuggling, and 5 provinces joined in. As a result taxes on Canadian cigarettes varied widely for almost a decade. Tax increases in 2002 have narrowed, but not closed, the gap.

Price of Cigarettes in Canadian Provinces, April 2002

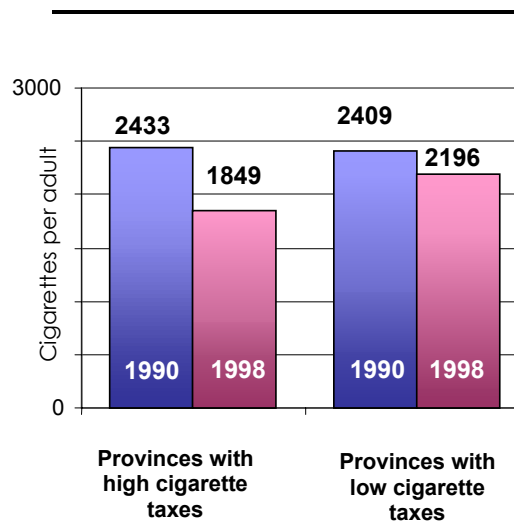
North West Territories	\$85.55
Saskatchewan	\$79.04
Manitoba	\$78.60
Newfoundland	\$78.14
Alberta	\$74.85
British Columbia	\$74.85
Nunavut	\$73.99
Nova Scotia	\$73.59
Prince Edward Island	\$72.60
New Brunswick	\$70.67
Yukon	\$68.85
Quebec	\$59.97
Ontario	\$59.01

Where cigarettes are expensive, Canadians smoke less.

How lower taxes have hurt health can be seen by comparing the number of cigarettes smoked in provinces where taxes are high (the four western provinces & Newfoundland) with the number smoked in provinces where cigarettes are cheaper (Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island).

During the 1990s, there was a 24% drop in the amount smoked per person in the high tax provinces, but only a 9% drop in the provinces with cheaper cigarettes.

Reductions in Cigarette Consumption, 1990 to 1998



PART 10

Governments & Tobacco Tax Revenues

Canadian governments get \$4 billion in tobacco taxes...

Although tobacco tax revenues have fallen since 1994, they remain a significant source of revenue to provincial and federal governments. Governments get about \$600 per smoker in tobacco tax revenues each year.

Government Revenues from Tobacco Taxes - 2001-2002	
Newfoundland	\$79.5 million
Prince Edward Island	\$17.5 million
Nova Scotia	\$105 million
New Brunswick	\$69 million
Quebec	\$652 million
Ontario	\$703 million
Manitoba	\$135 million
Saskatchewan	\$120 million
Alberta	\$373 million
British Columbia	\$470 million
Federal government	\$2,509 million
Total - Federal & Provincial	\$5,235 million

... including \$190 million in taxes from kids too young to smoke

Retailers and tobacco companies aren't the only ones who make money when kids are illegally sold cigarettes. Provincial and federal governments also receive tax revenues from these sales. We estimate the:

- Federal tobacco taxes from sales to minors
= **\$90 million**
- Provincial tobacco taxes from sales to minors
= **\$80 million**

... and \$65 million in a special 'health surtax' from tobacco companies.

Since 1994, the federal government has collected approximately \$65 million each year in a special 'health surtax' on tobacco industry profits.

Canadian governments spend about \$95 million to prevent or reduce smoking...

There is no authoritative accounting of the budgets of provincial and federal governments on tobacco issues.

- The federal government says it spends about \$70 million per year
- the Ontario government has pledged to spend \$10 million in 1999-2000
- the British Columbia government currently allocates \$7 million.
- Collectively, the other provinces are thought to spend well under \$8 million

Programs funded from these revenues include:

- Surveys of smoking behaviour
- Research into smoking behaviour
- Monitoring of industry activities
- Enforcement of sales to minors laws and other laws
- Development of laws and regulations
- Education in schools on tobacco use
- Community campaigns to reduce smoking
- Mass-media campaigns to reduce smoking
- Help for smokers who want to quit.

They spend about \$2.6 billion in direct health care costs.

Diseases caused by smoking cost the health system about \$2.6 billion. Indirect economic costs (such as disability pensions) cost a further \$6.8 billion.

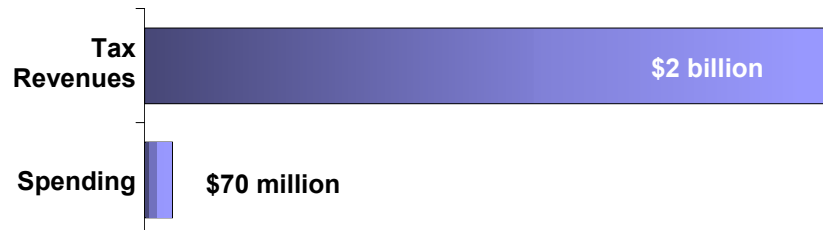
Health care costs for tobacco are about twice what they are for alcohol-related illnesses and about three times the cost of illicit drugs.

Experts recommend more money be invested in prevention.

The U.S. Centers for Disease Control analyzed public programs to reduce smoking and recommended a comprehensive set of initiatives. The minimum budget they recommend is US\$ 5 per person. In Canada, current spending is about US\$1.50 per person.

Sources: Public Accounts and budgets for each province and the federal government, US Centers for Disease Control, Canadian Center for Substance Abuse.

Federal revenues from tobacco taxes and federal spending to reduce smoking



Resources

A comprehensive list of web-sites on tobacco control can be found through the National Clearinghouse on Tobacco and Health. (<http://www.cctc.ca/ncth/ncre.html>)

The major agencies researching tobacco control located in Ottawa are:

Canadian Cancer Society	(613) 565-2522
Canadian Council on Tobacco Control	(613) 567-3050
Non-Smokers' Health Association	(613) 230-4211
Physicians for a Smoke-Free Canada	(613) 233-4878



**PHYSICIANS FOR A SMOKE-FREE CANADA
1226A WELLINGTON STREET
OTTAWA, ONTARIO, K1Y 3A1**

**TELEPHONE: 613 233 4878
FAX: 613 233 7797
www.smoke-free.ca**