Contraband Tobacco and Community Safety

Presentation to Hamilton City Council
Thursday September 6th, 2012
Contraband Tobacco Usage

• Usage of contraband tobacco is high; in fact, it can be found in the homes of one out of every three smokers;

• CAMH found 43% of cigarettes smoked by youth are contraband (the other most likely source were legal products given by friends or family);

• Vast majority of contraband being purchased is in the form of loose bags of cigarettes.
What is contraband?

- Illegal cigarettes, often referred to as contraband tobacco, are products that do not comply with Canada’s tobacco regulations—specifically those regarding importation, stamping, manufacturing, distribution and taxation.
- Contraband cigarettes are typically manufactured in illegal facilities on reserves in both Canada and the US.
- These products are sold and distributed via 350 smoke shacks in Ontario / Quebec, which sell baggies of 200 contraband cigarettes for as little as $10 - $15 per baggie.
Effects of Contraband Tobacco

- Erodes respect for the law and minimizes consequences for organized criminal activity;
- Federal and provincial governments lose millions in tax revenue that could fund social programs, education, employment programs and health care;
- Increases the tax burden for taxpayers;
- Prevents legitimate small businesses from carrying out their activities in a fair competitive market; and
- Encourages young people to take up smoking through unrestricted access to inexpensive cigarettes.
Contraband Tobacco in Hamilton

- Number of convenience stores in Hamilton: 249

- Number of store closures since 2008: 48

- Since 2010, there have been several large busts of contraband tobacco in and around the Hamilton area. In April, a large bust in Windsor of over 260,000 illegal smokes was believed by RCMP to have originated in Hamilton/Brantford area.

- Hamilton’s proximity to local reserves creates a larger opportunity for those selling contraband cigarettes to find a consumer base.

- A butt study conducted in 2010 in the Hamilton region shows that contraband tobacco usage rates as high as 26%.

- Our retailers, and the youth in our community, cannot afford to have a steady, unmitigated supply of contraband products flowing into Hamilton.
Proposed Motion for Adoption by Hamilton City Council

WHEREAS Contraband tobacco has negative public consequences and impacts such as unrestricted youth access to tobacco products, and an increase in criminal activity
AND WHEREAS contraband tobacco products are easily accessible in our community;
AND WHEREAS small businesses are sometimes forced to close because of the sale of contraband tobacco;
AND WHEREAS small business in our community and government in general stand to benefit from the institution of tougher restrictions on contraband tobacco;

THEREFORE be it resolved that this Council request the Mayor write a letter to the Ontario Minister of Finance in support of the Ontario Government’s most recent Budget commitments to eradicate contraband tobacco through the implementation of additional regulatory, enforcement and other provisions in Bill 186 and amendments to the Tobacco Tax Act. Particularly, in support of measures such as:
• increased fines for those convicted of offenses related to contraband tobacco;
• more authority for law enforcement officials with respect to: forfeiture of items seized, and impounding of vehicles.
• drawing on the best practices of other jurisdictions and working collaboratively with the federal government and other jurisdictions to enhance contraband tobacco control through joint enforcement efforts.

AND that the provincial government be encouraged to continue to strengthen their strategies to address the manufacture and supply of contraband tobacco and maintain their commitment to introduce amendments this fall to implement these measures.

AND that surrounding municipalities be made aware of the actions taken by this Council to address the concerns presented by contraband tobacco.