

The Issue

The staggering impact of tobacco use on the quality of life of Albertans and the tremendous burden of tobacco use on our healthcare system and our economy demands effective strategies to prevent and reduce tobacco use. The retail price of tobacco and its relative affordability is a key determinant of tobacco consumption. Unfortunately, cigarettes are more affordable for young people in Alberta than in any other province and this harmful policy impairs tobacco reduction efforts. If the Government of Alberta hopes to reach its tobacco reduction targets, tobacco taxes need to be increased significantly in order to reduce the relative affordability of all tobacco products.

Tobacco taxes are effective in preventing and reducing tobacco use and decreasing health inequity

Tobacco taxes are the single most effective means of reducing and preventing tobacco use.ⁱ Tobacco tax increases help prevent youth initiation and provide additional motivation for all tobacco users to quit and/or reduce consumption. In high-income countries like Canada, every 10 percent increase in the price of tobacco results in a 3 to 4 per cent decline in tobacco use among the general population. Tobacco taxes have an even greater impact on youth due to their lower levels of disposable income. Every 10 percent increase in the price of cigarettes results in a 6 to 12 percent decline in tobacco use among youth and disadvantaged populations. Tobacco tax increases also help reduce health inequities among disadvantaged populations by reducing their tobacco use.ⁱⁱ Low-income populations are more responsive to tax and price increases and as a result these populations are two to three times more likely to quit or smoke less than other smokers.ⁱⁱⁱ Based on the proven and profound impact of tobacco pricing on consumption, robust tobacco tax increases must be a cornerstone of any meaningful tobacco reduction strategy.

Alberta has the most affordable cigarettes among provinces

Among those aged 15 to 24, Alberta has the most affordable cigarettes of any province and it has the *ninth* lowest taxes on cigarettes among 13 provinces and territories (see tables 1 and 2 below). Alberta's suppressed tobacco taxes combined with having the highest wages of any province translate into greater cigarette affordability. It only takes 38 minutes of labour for Alberta youth aged 15 to 24 to purchase a pack of 20 cigarettes. In contrast, it takes 44 minutes of labour for Saskatchewan youth aged 15 to 24 to purchase 20 cigarettes and 43 minutes of labour for British Columbia youth to purchase 20 cigarettes (see table 2 below).

Table 1: Provincial, Territorial and Federal tax and price on cigarettes based on an estimated representative product cost of \$30.00/carton of 200 premium brand cigarettes, May 1, 2017^{iv}. Federal excise taxes = \$24.50 per 200 cigarettes.

	Jurisdiction	Provincial Taxes on 200 Cigarettes	Federal excise, GST	Total Retail Price
1	Manitoba	\$68.08	\$30.18	\$128.26
2	Nova Scotia	\$65.99	\$29.98	\$125.97
3	New Brunswick	\$61.59	\$29.78	\$121.37
4	Nunavut	\$60.00	\$30.23	\$120.23
5	Saskatchewan	\$59.43	\$29.93	\$119.36
6	Prince Edward Island	\$59.41	\$29.73	\$119.14
7	Newfoundland and Labrador	\$59.35	\$29.68	\$119.03
8	Northwest Territories	\$57.20	\$30.09	\$117.29
9	Alberta	\$50.00	\$29.73	\$109.73
10	British Columbia	\$47.80	\$29.62	\$107.42
11	Yukon	\$42.00	\$29.33	\$101.33
12	Ontario	\$40.62	\$28.90	\$99.52
13	Québec	\$29.80	\$28.72	\$88.52

Alberta is presently tied with Quebec for the dubious title of having the most affordable cigarettes in Canada among those aged 15 to 24. Alberta needs to increase cigarette prices by \$1.50 per pack of 20 cigarettes to match current affordability levels in British Columbia and by \$2.00 per pack to match affordability levels in Saskatchewan.

Decreasing the affordability of tobacco products is a health measure with the added benefit of generating new government revenue. However, Alberta's current policy of maintaining the most affordable cigarettes in Canada is undermining our quality of life, our productivity and our healthcare system. Until this policy is changed, Alberta will continue to fight tobacco use with one hand tied behind its back.

Table 2: Prices of cigarettes, average hourly wages and affordability of tobacco products (defined as the number of minutes of labour required to purchase one pack of 20 premium cigarettes) by province for employed Canadians aged 15 to 24 years and 15 years and over, May 1, 2017.

Province	Price per package ³	Average hourly wage ^v		Minutes of labour required to purchase one package of cigarettes		Affordability ranking	
		15 to 24 years	15 years and over	15 to 24 years	15 years and over	15 to 24 years	15 years and over
1 Alberta	\$10.97	17.49	29.89	38	22	1	2
2 Québec	\$ 8.85	14.05	24.76	38	21	1	1
3 Ontario	\$10.13	14.59	26.43	42	23	3	3
4 British Columbia	\$10.74	14.86	25.51	43	25	4	4
5 Saskatchewan	\$11.94	16.16	27.07	44	26	5	5
6 Newfoundland and Labrador	\$11.90	14.75	25.80	48	28	6	6
7 New Brunswick	\$12.14	14.13	22.73	52	32	7	7
8 Manitoba	\$12.83	14.21	24.40	54	32	8	7
9 Nova Scotia	\$12.60	13.27	23.61	57	32	10	7
10 Prince Edward Island	\$11.91	12.64	21.60	57	33	10	10

Policy Recommendation

The Campaign for a Smoke-Free Alberta recommends that the Alberta government introduce a tobacco tax increase which would raise the purchase price of tobacco by at least 15 percent or \$1.50 per pack of 20 cigarettes (\$15.00 per carton of 200).

We also recommend that a portion of any future tax increase (at least \$20 million annually) be allocated to fully implement the Alberta Tobacco Reduction Strategy which remains largely unfunded and unimplemented. Public opinion polls have revealed that Albertans are more likely to support a tobacco tax increase if a portion of the revenue is applied to tobacco reduction programs. This approach is also recommended to help reduce health inequities among disadvantaged populations.

i. U.S. National Cancer Institute and World Health Organization. *The Economics of Tobacco and Tobacco Control. National Cancer Institute Tobacco Control Monograph 21. Chapter 4. The impact of Tax and Price on the Demand for Tobacco Products.* NIH Publication No. 16-CA-8029A. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, National Cancer Institute; and Geneva, CH: World Health Organization; 2016. <https://cancercontrol.cancer.gov/brp/tcrb/monographs/21/index.html>

ii. World Health Organization, Regional Office for Europe, 2014. *Tobacco and Inequities: Guidance for Addressing Inequities in Tobacco-Related Harm.* http://www.euro.who.int/_data/assets/pdf_file/0005/247640/tobacco-090514.pdf?ua=1

iii. Canadian Coalition for Action on Tobacco. *A Win-Win: Enhancing Public Health and Public Revenue Recommendations to Increase Tobacco Taxes A Submission to the Hon. Ralph Goodale, P.C., M.P. Minister of Finance.* Toronto, Ontario, 2004. http://www.smoke-free.ca/pdf_1/2004taxreport.pdf

iv. Tobacco tax data supplied by Rob Cunningham, Canadian Cancer Society, April 2017

v. <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/labr69a-eng.htm> (March 2017 tables)