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*Generating knowledge for public health*

Smoke-Free Ontario Strategy Monitoring Report:

# Pro-Tobacco Influences





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## Pro-Tobacco Influences

Pro-tobacco influences are any factors that promote commercial tobacco use.<sup>i</sup> These factors are often direct efforts from tobacco companies but may also include efforts by other groups that directly or indirectly encourage tobacco use. Pro-tobacco influences can be viewed as working in opposition to comprehensive tobacco control programs, which aim to prevent smoking, protect individuals from secondhand smoke, and promote quitting.

To gain a deeper understanding of tobacco control efforts, several leading organizations and jurisdictions—including the US Surgeon General, Centers for Disease Control and Prevention, and the State of California<sup>1,2,3</sup>—have recognized the importance of monitoring pro-tobacco influences. Doing so provides relevant context for interpreting the outcomes of Strategy programs and has the potential to inform future tobacco control initiatives. Monitoring these influences also increases awareness of efforts by pro-tobacco parties to counter existing programs, services, and policies.

This chapter summarizes findings on key indicators of pro-tobacco influence across 7 focal areas:

1. Price and Taxation
2. Illicit Sales
3. Agriculture and Production
4. Distribution & Consumption
5. Availability
6. Product and Package Innovation
7. Advertising and Promotion

New this year, we highlight throughout the chapter assessments of pro-tobacco influences, based on the Smoke-Free Ontario Scientific Advisory Committee (SFO-SAC) report, *Evidence to Guide Action: Comprehensive Tobacco Control in Ontario (2016)*<sup>4</sup> and recommendations from the Executive Steering Committee (ESC) in their *Smoke-Free Ontario Modernization Report*.<sup>5</sup> Additionally, we include summary tables at the end of the chapter that compare the current state of affairs of pro-tobacco influences with related assessments and recommendations from these

<sup>i</sup> In this report (unless otherwise stated), tobacco refers to commercial tobacco products (e.g., cigarettes, waterpipe, cigars, etc.). It does not mean Sacred Tobacco used for Indigenous cultural or spiritual purposes. We recognize that sacred/traditional tobacco is an important aspect of many First Nation communities.

reports.

## Price and Taxation

The Scientific Advisory Committee made the assessment that an increase in tobacco price and taxation would make a ‘high potential contribution’ toward encouraging smoking cessation and reducing smoking prevalence, tobacco consumption and smoking initiation.

The Executive Steering Committee identified the following as priority actions to create environments that encourage and support and quitting:

- Raising tobacco taxes to at least the highest level of all other provinces and territories
- Regularly increasing taxes to at least double the price of tobacco product

In Canada, tobacco companies have vigorously lobbied against tobacco tax increases and have attempted to link illicit trade in cigarettes with high taxes, as suggested by the following excerpt from Imperial Tobacco Canada’s website: “The problem [of illegal cigarettes] is exacerbated by excessive levels of tobacco taxation.”<sup>6</sup> Yet, tobacco companies in Canada continue to raise their portion of the retail price of cigarettes, which helps to enhance their financial position.<sup>7</sup> What has become clear in recent years is that tobacco companies lobby governments not to raise taxes (with the argument that taxes will increase illicit tobacco), yet they continue to implement price increases.

There is strong evidence that increasing cigarette taxes is an effective policy measure to drive down cigarette consumption, encourage current smokers to quit and prevent youth from becoming regular smokers.<sup>8,9,10,11,12,13</sup> On average, a 10% increase in price results in a 3 to 5% reduction in demand in higher income countries.<sup>14,15,16</sup> Moreover, contrary to industry claims, research suggests that increased taxation does not noticeably lead to an increase in illicit tobacco,<sup>17</sup> a position supported by current tax rates across Canada. That is, high tax provinces appear to have lower levels of illicit tobacco than low tax provinces.

In 2018 and 2019, the Government of Ontario will increase tobacco taxes annually by an additional 2 cents per cigarette or gram of tobacco.<sup>18</sup> This approach replaces the inflation-based tax increases announced in the provincial Budget. Ontario tobacco tax rates, as set by the provincial

government, were last changed on April 28, 2017 (Table 7-1). The current rates are:<sup>18</sup>

- 16.475¢ per cigarette, which translates to \$3.30 for a pack of 20 cigarettes, \$4.12 for a pack of 25 cigarettes, and \$32.95 for a carton of 200 cigarettes. In 2018, with an additional 2 cents per cigarette, this will translate to 18.475¢ per cigarette, \$3.70 for a pack of 20, \$4.62 for a pack of 25, and \$36.95 for a carton. The latter is about a 4% increase in total price of a carton of 200 cigarettes over the 2017 price (\$106.93 vs. \$102.40)
- 16.475¢ per gram or part gram of cut tobacco
- Tax on cigars is 56.6% of the taxable price

The province of Ontario continues to have the second lowest total taxes (federal and provincial) on tobacco (\$66.29) of any Canadian province or territory (Table 7-2). Overall, total tobacco taxes account for 64.7% of the retail price of a carton of cigarettes. Recent tobacco tax increases in Ontario have not been sufficient to reach the WHO MPOWER minimum standard for taxation,<sup>19</sup> which is 75% of the retail price.

**Table 7-1: Ontario Specific Tobacco Tax Rates, 1987 to 2017**

Effective Date	Cigarettes (¢/unit)	Cut Tobacco (¢/gram)	Cigars
4/28/2017	16.475	16.475	56.6% of the taxable price
2/26/2016	15.475	15.475	56.6% of the taxable price
5/2/2014	13.975	13.975	56.6% of the taxable price
2/1/2006	12.35	12.35	56.6% of the taxable price
1/19/2005	11.725	11.725	56.6% of the taxable price
5/19/2004	11.1	11.1	56.6% of the taxable price
11/25/2003	9.85	9.85	56.6% of the taxable price
6/18/2002	8.6	8.6	56.6% of the taxable price
11/2/2001	4.45	4.45	45% of the taxable price
8/1/2001	3.65	3.65	45% of the taxable price
4/6/2001	3.65	3.65	45% of the price at retail
11/6/1999	2.65	2.65	45% of the price at retail
2/14/1998	2.35	2.35	45% of the price at retail
11/29/1996	2.05	2.05	45% of the price at retail
2/22/1994	1.7	1.7	45% of the price at retail
4/30/1991	6.5	6.5	45% of the price at retail
4/25/1990	4.83	4.83	45% of the price at retail
4/21/1988	3.83	2.2	45% of the price at retail
1/1/1987	2.83	1.6	45% of the price at retail

Source: Ontario Ministry of Finance.<sup>18</sup>

**Table 7-2: Federal/Provincial/Territorial Tobacco Tax Rates per 200 Cigarettes, July 2017**

	Average pre-Tax Price <sup>a</sup> (2017 Figure)	Federal Excise Duty <sup>b</sup>	Provincial/Territorial Excise Tax	Provincial/Territorial Sales Tax or Harmonized Sales Tax <sup>c</sup>	Federal GST <sup>d</sup> 5%	Total Tobacco Taxes	Total Retail Price
Northwest Territories	\$45.32	\$21.56	\$60.80 <sup>e</sup>	No PST	\$6.38	\$88.74	\$134.06
Nunavut	\$37.08	\$21.56	\$60.00 <sup>f</sup>	No PST	\$5.93	\$87.49	\$124.57
Manitoba	\$40.89	\$21.56	\$59.00	PST: 8% = \$9.72	\$6.07	\$96.35	\$137.24
Nova Scotia	\$36.31	\$21.56	\$55.04	HST: 15% = \$16.94	See HST	\$93.54	\$129.85
Saskatchewan	\$40.48	\$21.56	\$54.00 <sup>g</sup>	PST: 6% = \$6.96	\$5.80	\$88.32	\$128.80
New Brunswick	\$28.38	\$21.56	\$51.04	HST: 15% = \$15.15	See HST	\$87.75	\$116.13
Yukon	\$47.08	\$21.56	\$50.00 <sup>h</sup>	No PST	\$5.93	\$77.49	\$124.57
Prince Edward Island	\$43.27	\$21.56	\$50.00	HST: 14% = \$16.07	See HST	\$87.63	\$130.90
Alberta	\$39.04	\$21.56	\$50.00	No PST	\$5.53	\$77.09	\$116.13
Newfoundland	\$35.93	\$21.56	\$49.00	HST: 15% = \$15.97	See HST	\$86.53	\$122.46
British Columbia	\$32.15	\$21.56	\$47.80	No PST	\$5.08	\$74.44	\$106.59
ONTARIO	\$36.11	\$21.56	\$32.95 <sup>i</sup>	HST: 13% = \$11.78	See HST	\$66.29	\$102.40
Quebec	\$38.12	\$21.56	\$29.80	No PST	\$4.47	\$55.83	\$93.95

<sup>a</sup> This average estimate of “pre-tax price” for each province is calculated by using the Consumer Price Index and the CPI Intercity Index from Statistics Canada for a carton of 200 cigarettes available in May 2017. The full methodology for the calculations is available upon request.

<sup>b</sup> [Canada tobacco tax increase effective 23 March 2017](#). Accessed on March 7, 2018.

<sup>c</sup> PST/HST is calculated on the total of pre-tax price + federal excise duty + provincial excise tax.

<sup>d</sup> GST is calculated on the total of pre-tax price + federal excise duty + provincial excise tax.

<sup>e</sup> [NWT tobacco tax increase effective 1 April 2017](#). Accessed on March 7, 2018.

<sup>f</sup> [Nunavut tobacco tax increase effective 15 March 2017](#). Accessed on March 7, 2018.

<sup>g</sup> [Saskatchewan tobacco tax increase effective 23 March, 2017](#). Accessed on March 7, 2018.

<sup>h</sup> [Yukon tobacco tax increase effective 1 July 2017](#). Accessed on March 7, 2018.

<sup>i</sup> [Ontario tobacco tax increase effective 28 April, 2017](#). Accessed on March 7, 2018.

Note: Ordered highest to lowest by provincial/territorial excise tax.

Source: Non-Smokers Rights Association (NSRA). [Federal and Provincial/Territorial Tobacco Tax Rates, July 2017 per 200 Cigarettes](#). Accessed on December 3, 2017.

## Illicit Sales

While a detailed discussion of illicit cigarette sales is beyond the scope of this chapter, this topic merits coverage in the context of pro-tobacco influences. It is a critical (negative) vector working against tobacco control efforts in Ontario. Widespread use of illicit cigarettes poses a significant risk to Ontario’s accomplishments in tobacco control and likely contributes to a slower rate of decline in the prevalence of smoking than would otherwise be the case.<sup>20</sup>

The Scientific Advisory Committee has flagged anti-contraband measures as a potential contribution to countering pro-tobacco influences in Ontario.

The Executive Steering Committee recommended significantly enhanced enforcement efforts to combat unregulated tobacco.

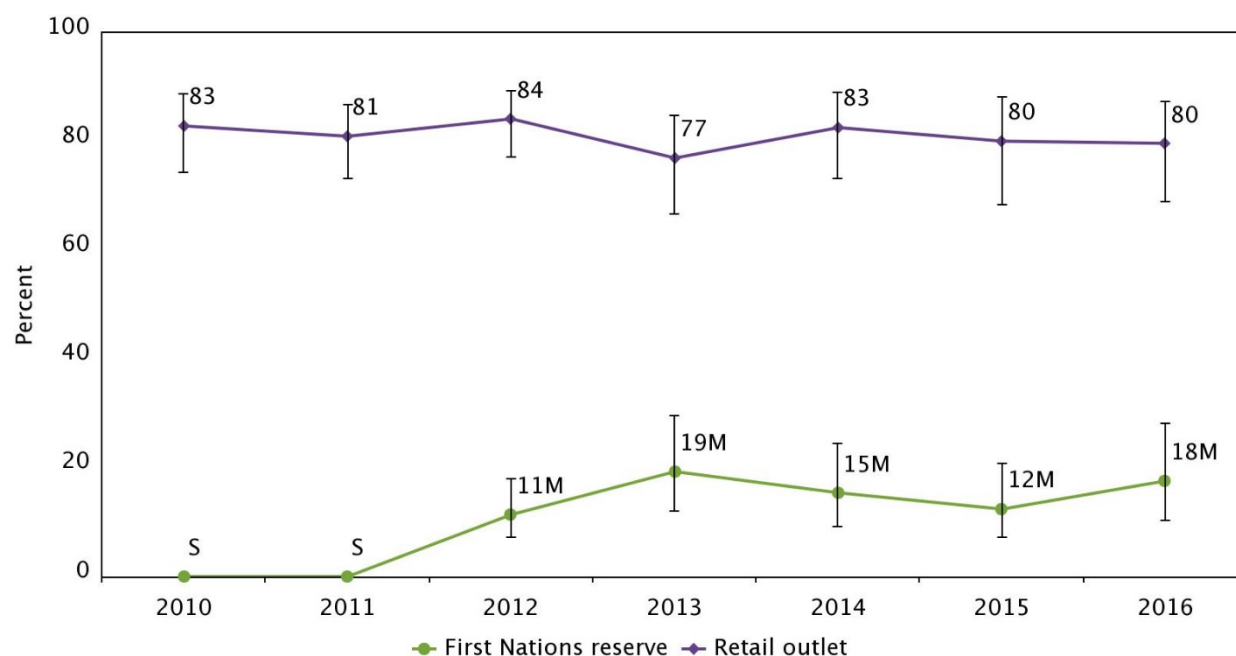
The actual level of contraband use is difficult to ascertain. An estimate of the relative change in contraband from one year to the next may be more informative than an estimate of the absolute level of contraband in any given year. It is also useful to triangulate the level of illicit tobacco by comparing multiple data sources. Below, we use population survey data and administrative data on police seizures to gain a better understanding of the illicit market.

Illicit sales data is hard to capture. Location of last purchase is one indicator, although these data do not correspond directly with illicit sales, as it is unknown who is making the purchase. For instance, in 2016, 80% of respondents indicated that the location of their last purchase of cigarettes was at a retail store, with 18% making their last purchase on a First Nation Reserve, findings that have not significantly changed in recent years (Figure 7-1). Although it is unknown what percentage of purchases beyond retail stores is illicit and what proportion of the respondents' annual consumption is illicit, these data inform us that the situation appears stable in recent years. (Note: It is illegal for non-Indigenous people to purchase tax-exempt tobacco—indicated by a peach-coloured duty stamp—on First Nations Reserves. Unmarked tobacco—no duty stamp—is considered illicit, whether purchased off or on a First Nation Reserve).

The quantity of tobacco seized by law enforcement is another accessible measure of change in the contraband market. It should be noted, however, that it is an imperfect measure. For instance, as more resources are put into policing, one would expect more seizures, which may or may not reflect a growth in illicit tobacco.



Figure 7-1: Location of Last Purchase, Ontario, 2010 to 2016



Note: S=Suppressed. Results too unreliable to be published due to (unweighted) sample size less than 30 or coefficient of variation greater than 33.3% (extreme sampling variability). M = Interpret with caution: subject to moderate sampling variability. Vertical lines represent 95% confidence intervals. [Full data table for this graph provided in the Appendix \(Table 7A-1\).](#)

Source: Centre for Addiction and Mental Health Monitor 2010-2016.

Recently released statistics by the RCMP for Ontario and the Central region (Ontario and Quebec) provide evidence of the current status, as of 2016:

- The RCMP's Ontario division conducted 44 tobacco seizures in 2016<sup>21</sup>
- Across the Central region (Ontario and Quebec), 3,541 illicit cigarettes (of 200 units) were seized in 2016, which is a decrease from previous years (Table 7-3)<sup>21</sup>
- The RCMP seized 58,949 kilograms of fine-cut tobacco in 2016, up from 11,295 kilograms seized in 2015 (Table 7-3).<sup>21</sup> One possible reason provided by the RCMP for an increase in fine-cut seizures relative to manufactured cigarettes is that the latter has higher fines compared to fine-cut tobacco, which may deter criminal organizations<sup>21</sup>
- Cigar/cigarillo (200 units) seizures in the Central region reached 186 units in 2016, down from previous years (Table 7-3)<sup>21</sup>

**Table 7-3: RCMP Cigarette Seizures, Cartons and Fine-Cut Tobacco (KG), Central Region (Ontario and Quebec), 2014 to 2016**

Year	Cartons (200 units)	Fine Cut (KG)	Cigar/Cigarillo (200 units)
2014	70,000	55,400	24,000
2015	15,400	11,295	650
2016	3,541	58,949	186

Source: Royal Canadian Mounted Police, 2017.<sup>21</sup>

In early 2016, the Ontario Ministry of Community Safety and Correctional Services announced the creation of the Contraband Tobacco Enforcement Team within the Ontario Provincial Police (OPP).<sup>21</sup> Forming part of the OPP's Organized Crime Enforcement Bureau, the team is expected to work with the RCMP's Cornwall Regional Task Force and the Ontario Ministry of Finance "to investigate organized crime involvement in illicit tobacco trade."<sup>21</sup>

As of January 1, 2015, the Ontario Ministry of Finance assumed control over raw leaf tobacco (including all varieties of unmanufactured tobacco grown in or brought into Ontario), with the goal of managing and monitoring the movement of tobacco products and impeding the flow of untaxed products.<sup>22</sup> Under the *Tobacco Tax Act*, Ontario's Raw Leaf Tobacco Program includes: "A registration and reporting system for those producing, processing, transporting, exporting, importing, buying and selling raw leaf tobacco, inspection and audit oversight activities, seizure authority, and civil penalties and offence provisions."<sup>22</sup>

## Agriculture and Production

The Executive Steering Committee has two recommendations regarding tobacco agriculture and production:

1. Establish a mandatory timeline (5 to 10 years) to phase out tobacco production on non-Indigenous lands
2. Work with tobacco producers to develop crop replacements

Currently, no specific initiatives are in place to address these recommendations.

## Number of Farms and Production

Tobacco agriculture and production is a marker for both the financial health of the tobacco industry and possible political influence. Tobacco industry stakeholders have used local political influence, especially in areas of greater density of tobacco farms, to oppose tobacco control measures. For example, in North Carolina, there is evidence that individual farmers influenced the policy agenda around tobacco control, and that growers' associations developed consistent messages about the economic impact of tobacco in that area.<sup>23</sup>

Knowledge of key economic indicators—such as the number and location of tobacco farms across Ontario—as well as the amount of tobacco sold, provides insight into the regional economic base of the industry and has the potential to identify possible areas of opposition to tobacco control legislation.

- In 2017, Ontario had 192 flue-cured tobacco growers and 27 non flue-cured growers (Table 7-4)<sup>24</sup>
- In 2016, there were 195 tobacco farms in Ontario. Although the number of tobacco farms in Ontario has declined since 2001 (1,021 farms) and 2006 (560 farms), it has increased since 2011 (137 tobacco farms) (Table 7-5)<sup>25</sup>
- Expressed as a percentage of total census farms in Ontario, the proportion of tobacco farms decreased from a high of 1.7% in 2001 to 0.4% in 2016 (Table 7-5)
- In 2014 (the latest data available), the growing of flue-cured tobacco was concentrated in four counties/districts in southwest Ontario: Brant, Elgin, Norfolk and Oxford (Table 7-6)<sup>26</sup>
- After a period of substantial decline in the late 2000s, production in Ontario has more than doubled, both in terms of acreage planted and in production (Table 7-7, as well as Table 7-4 and Table 7-6)



**Table 7-4: Annual Registered Grower Data in Ontario on Flue-Cured and Non Flue-Cured Raw Leaf Tobacco, 2017**

<b>2017 Flue-Cured</b>	<b>2017 Non Flue-Cured</b>
192 licensed growers	27 licensed growers
18,715 total acres approved to be grown	850 total acres approved to be grown
23,336,728 expected kilograms to be grown	1,055,978 expected kilograms to be grown

Note: This information is subject to change as new registrant applications are received and processed. Reported as of June 30, 2017.

Source: Ontario Ministry of Finance.

**Table 7-5: Number of Tobacco Farms<sup>a</sup> in Ontario, by Year (2001, 2006, 2011 and 2016)**

<b>Year</b>	<b>Farms, n</b>	<b>Percent of all Farms, %</b>
2001	1021	1.7
2006	560	1.0
2011	137	0.3
2016	195	0.4

<sup>a</sup> Farms classified as tobacco farming under the North American Industry Classification System.

Source: Statistics Canada, Census of Agriculture.

**Table 7-6: Flue-Cured Tobacco in Ontario: Area, Production and Farm Value, by County, 2014**

<b>Counties &amp; Districts</b>	<b>Area (acres)</b>	<b>Marketed Production ('000 lbs)</b>	<b>Marketed Production ('000 kg)</b>	<b>Unit Value (cents/lb)</b>	<b>Unit Value (cents/kg)</b>	<b>Total Value (\$'000)</b>
Brant	2,819	7,953	3,607	227.2	500.9	18,070
Elgin	2,144	6,057	2,747	227.2	500.9	13,762
Norfolk	13,214	37,294	16,917	227.2	500.9	84,738
Oxford	1,638	4,315	1,957	227.2	500.9	9,805
Other	1,003	2,862	1,298	227.2	500.9	6,503
<b>TOTAL</b>	<b>20,818</b>	<b>58,482</b>	<b>26,527</b>	<b>227.2</b>	<b>500.9</b>	<b>132,879</b>

Source: Ontario Ministry of Agriculture, Food and Rural Affairs.

**Table 7-7: Flue-Cured Tobacco in Ontario: Area, Production and Farm Value, 2003 to 2014**

Year	Area (acres)	Marketed Production ('000 lbs)	Unit Value (cents/lb)	Total value (\$'000)
2003	35,700	93,955	227.6	213,827
2004	36,600	87,852	225.1	197,788
2005	34,400	83,905	216.6	181,735
2006	30,094	55,495	236.1	131,003
2007	17,000	34,381	222.1	76,343
2008	9,700	22,011	205.1	45,139
2009	9,600	22,019	209.2	46,064
2010	NA	47,730	216.0	103,098
2011	18,887	49,668	212.5	105,545
2012	19,938	53,800	209.0	112,442
2013	21,521	53,832	237.1	127,638
2014	20,818	58,482	227.2	132,879

Note: Dollar values are not inflation adjusted.

Source: Ontario Ministry of Agriculture, Food and Rural Affairs.

## Distribution and Consumption

In recent years, Ontario has not taken action to decrease the amount of tobacco made available for sale in Ontario. In line with the Scientific Advisory Committee's 'innovative' assessment, the Executive Steering Committee report recommends reducing the annual quota of tobacco products in Ontario by implementing a “sinking lid” system that gradually reduces the amount of tobacco released to the market for sale.

Canada has three main cigarette companies: Imperial Tobacco Canada Ltd. (Imperial Tobacco), Rothmans, Benson & Hedges Inc. (RBH), and JTI-MacDonald Corporation (JTI). Tobacco company market share and sales data provide insight into the strength of the tobacco industry and the performance of individual tobacco companies.

- In 2016, Imperial Tobacco had the highest market volume share (51%), followed by RBH (33%) and JTI (8%), with the remaining market share split between several smaller companies, the largest of which was Grand River Enterprises<sup>27</sup>

- In Canada, total value of sales of cigarettes and fine-cut cigarettes in 2016 was \$1.3 billion<sup>27</sup>
- In 2016, wholesale cigarette sales in Ontario totaled 10,307,189,350 units, which comprised 36% of total sales in Canada (28,642,383,251 units).<sup>28</sup> This is a 7.5% decrease in sales over the 5-year (2012) benchmark (11,143,878,995 units)

## Availability

The Scientific Advisory Committee suggested several ‘innovative assessments’ to address the availability of tobacco products including zoning restrictions to create tobacco retail-free areas and retail licenses.

The Executive Steering Committee made recommendations that centred on using provincial and municipal legislation, zoning restrictions and licensing fees to reduce the number and density of retail tobacco vendors.

The Committee’s ‘innovative’ assessment of implementing government-controlled outlets for tobacco does not appear to be on Ontario’s policy agenda; however, Ontario states that government-controlled outlets will be the approach used in the retail sale of cannabis, once it is legalized in mid-2018.<sup>29</sup>

## Tobacco Retail-Free Areas

Restricting the retail distribution and availability of tobacco products is considered an important mechanism to limit consumption of, and subsequent health effects caused by, tobacco.<sup>30,31</sup> In Ontario, tobacco sales are banned from a variety of places including vending machines, pharmacies, college and university campuses, hospitals, and other healthcare and residential-care facilities (Table 7-8). Despite these advances, tobacco products continue to be available across the province through a large number of retail outlets.

- In Ontario, approximately 9,725 retail outlets sell tobacco, primarily corner



store/convenience and grocery stores (2017, June estimate)<sup>32</sup>

- There is widespread agreement among Ontario adults that the number of cigarette retail outlets should be reduced: 80% of never smokers, 58% of former smokers, and 41% of current smokers are in agreement (CAMH Monitor 2016, data not shown)

## Retail Licensing

Requiring retailers to obtain a tobacco license and pay an annual fee is a first step toward potentially reducing the retail availability of tobacco. The fee itself, if high enough, might dissuade some retailers from carrying tobacco. Increasing the number of retail outlets with paid licenses to sell tobacco products has several other potential advantages. In Los Angeles, California, the tobacco retailer's permit fee is set at \$300US to recover "the cost of both the administration and enforcement of the permit including the cost of issuing the permit, renewing the permit, administering the retailer permit program, retailer education, retailer inspection and compliance checks, documentation of violations, adjudications, and convictions, and prosecution of violators."<sup>33</sup>

In Ontario, effective July 1, 2018, all retail dealers who held a vendor permit under the *Retail Sales Tax Act* are required to hold a tobacco retail dealer's permit issued under the *Tobacco Tax Act*.<sup>34</sup> However, there is no fee for this permit. Several municipalities in Ontario do charge an annual tobacco retail license fee including those located within the East (Ottawa, Kingston, Cornwall), Central East (Vaughan, Richmond Hill, Markham, Brampton, Mississauga, Wasaga Beach), Toronto, Central West (Oakville, Hamilton, Burlington), South West (London, Chatham-Kent, Windsor) and North East (Greater Sudbury, North Bay, Hearst) TCANs.<sup>35</sup> Annual fees range from a high of \$877 in Ottawa to under \$50 in several jurisdictions.<sup>35</sup>

Table 7-8: Places Where Tobacco Sales are Prohibited by Law, Provinces and Territories

Places Where Tobacco Sales Are Prohibited by Law													
Location	Province/Territory												
	AB	BC	MN	NB	NL	NS	NT	NWT	ON	PEI	QC	SK	YK
Provincial government buildings		X			X	X			X	X		X	
Municipal government buildings		X			X	X				X		X	
Vending machines				a	X	X	X	X	X	X	X	b	
Pharmacies	X			X	X	X	X	X	X	X	X	X	X
Hospitals	X	X			X	X	X		X	c	X	X	
Health care facilities	X	X			X	X	X		X	X	X	X	
Residential care facilities	X	X			X	X	X		X	X	X	X	
Schools	X				X	X			X	X	X	X	
Post-secondary schools	X	X			X	X		d	X	X	X		
Child care facilities					X		X		X		X		
Indoor sport/recreation		X			X	X		X		X	X	e	
Community centres						X					X		
Theatres/cinemas					X	X				X	X	X	
Libraries/galleries					X	X					X		
Outdoor recreational facilities, e.g. amusement parks												X	
Temporary outdoor locations					X	X					X		
Restaurants						X					X		
Bars						X					X		
Gaming facilities						X							

<sup>a</sup> No vending machine sales in retail stores.

<sup>b</sup> Vending machine sales permitted only in places off-limits to minors.

<sup>c</sup> Except psychiatric hospitals.

<sup>d</sup> NWT has only one post-secondary institution, which has a policy not to sell tobacco products.

<sup>e</sup> Sales prohibited in recreation facilities only.

Source: NSRA. [Prohibiting Tobacco Sales in Specified Outlets: Policy Analysis](#).

## Product and Package Innovation

The introduction of new tobacco products (e.g., heated tobacco products, vape products, etc.), as well as changes to existing products (e.g., flavours, filter technology, etc.), generally run counter to tobacco control efforts to decrease tobacco use. New tobacco products have the potential to grow rapidly in popularity in part by enticing people who might otherwise never have considered smoking tobacco products—such as cigarettes—to experiment with these emerging products and in part by maintaining the nicotine dependence of smokers who would otherwise have quit altogether.

The Executive Steering Committee recommended evaluating and regulating the marketing and use of all inhaled drug delivery devices and, ultimately, phasing out the sale of all combustible delivery devices.

## Cigarettes

### Banning Flavours in Tobacco Products

The Scientific Advisory Committee assessed banning flavoured tobacco as having ‘high potential for substantial impact’ in Ontario.

The Scientific Advisory Committee report notes that such a policy, including its enforcement, has the potential to have substantial impact in reducing tobacco use, especially among youth and young adults.<sup>4</sup> As of January 1, 2016, it is against the law to sell, distribute and offer to distribute flavoured tobacco products in Ontario. Initial exceptions included menthol in all tobacco products, some cigars weighing more than 1.4 grams but less than 6 grams (a flavour or aroma of wine, port, whiskey or rum is permitted), cigars weighing 6 or more grams, and pipe tobacco. As of January 1, 2017, flavoured tobacco products that contain the taste or smell of menthol have been prohibited.

The industry has responded to the prohibition of menthol cigarettes by relaunching several non-menthol alternative brands. As shown in Figure 7-2, RBH relaunched *Next Menthol* as *Next Green*,



with the latter containing no menthol flavour, which is in compliance with regulations. Similarly, Imperial Tobacco recommended *Pall Mall Blue XL (without capsules)* as an alternative to *Pall Mall XL Convertibles* (menthol-flavoured capsules). As part of this transition, *Pall Mall XL Convertibles* included an advertisement on the back portion of the cellophane, which highlighted that the best alternative without menthol was *Pall Mall Blue XL* (Figure 7-3).

According to Health Canada, menthol cigarette sales in Ontario increased 58% from 2015 to 2016,<sup>36</sup> which would appear to be related to the expected prohibition of menthol cigarettes in 2017.

**Figure 7-2: Next Menthol Redesign (Non-Menthol Alternatives), Rothmans, Benson & Hedges Inc.**



## Capsule/Filter Technology

After the announcement of a flavour ban, tobacco companies introduced several new brands that included a crushable capsule in the filter tip of the cigarette, which gave a menthol taste when squeezed (Figure 7-3, Figure 7-4, Figure 7-5). Green or blue colour (and sometimes both) characterized the accent colours of these packs, which is consistent with a menthol or cool interpretation. Several of these brands had imagery that asserted this technological introduction, as can be seen by the power switch icon in Figure 7-3, Figure 7-4 and Figure 7-5. Post-menthol ban, alternative packs were introduced (e.g., John Play Charge became John Player Choice), many of which introduced new filter technology including the flow filter and adjustable (twistable) filter (Figure 7-5 and Figure 7-6).

Figure 7-3: Pall Mall Menthol and Non-Menthol Alternatives, Imperial Tobacco Canada



Menthol Convertibles XL (Pre Ban)

Cellophane ad for Blue XL (Pre Ban)

Blue XL (Post Ban)

Figure 7-4: John Player Capsule Redesign, Imperial Tobacco Canada



John Player Charge (Pre Ban)

John Player Choice (Post Ban)



Figure 7-5: Pall Mall Capsule Redesign, Imperial Tobacco Canada



Pall Mall Convertibles XL (Pre Ban)

Pall Mall Bold XL (Front) (Post Ban)

Pall Mall Bold XL (Back) Post Ban

Figure 7-6: Filter Technology, Pall Mall and John Player Choice



Pall Mall FlowFilter (Post Ban)

John Player Choice Twistable Filter (Post Ban)



## Heated Tobacco Products

The Executive Steering Committee urged the government to regulate new inhaled substances and delivery devices.

One new product class recently introduced into the Ontario market is heated tobacco. These products heat tobacco to a lower temperature than cigarettes to produce aerosol with nicotine. Tobacco companies have promoted heated tobacco products as reduced-risk products, which cut the risk of tobacco-related disease,<sup>37,38</sup> a view rejected by a recent US Food and Drug Administration advisory panel in relation to Philip Morris International's IQOS product.<sup>39</sup>

From a regulatory perspective, heated tobacco products are considered tobacco products, which in Canada, are subject to marketing bans including point-of-sale display and promotion bans.

In Ontario, two heated tobacco products are being sold: IQOS by Rothmans, Benson and Hedges (an affiliate of Philip Morris International) and Ploom by Japan Tobacco International. Although not yet available in Ontario, i-glo is being sold by British American Tobacco (the parent company to Imperial Tobacco Canada) in a variety of test markets (e.g., Vancouver).

## Vaping Products

The Executive Steering Committee recommended restricting the sale of e-cigarettes and vaping products to people who smoke.

In Ontario, as of January 1, 2016, it is illegal to sell or supply electronic cigarettes to anyone under the age of 19. All retailers must carry a provincial age restriction sign that indicates this age restriction as well as a sign indicating that government I.D. with a photo and birth date must be shown when requested.

Despite these restrictions, past year use of e-cigarettes is higher than cigarettes (17.5% vs. 12%) among Ontario students in grades 7 to 12 (Ontario Student Drug Use and Health Survey 2017). An

estimated 71,400 young Ontarians vaped in the past year but did not smoke (Ontario Student Drug Use and Health Survey 2017) and an estimated 208,400 Ontarians 18 years and older vaped in the past month but did not smoke (Centre for Addiction and Mental Health Monitor 2016). There is widespread agreement that e-cigarettes are not benign,<sup>40</sup> so not moving on the Executive Steering Committee recommendation to restrict sales to people who smoke presents risks to population health.

### Plain and Standardized Packaging

The Scientific Advisory Committee suggested that plain and standardized packaging is a policy direction that has the potential to make a high contribution to tobacco control.

At the federal level, the government has introduced *Bill S-5* (An Act to amend the *Tobacco Act* and the *Non-smokers' Health Act* and to make consequential amendments to other Acts). This Bill lays the foundation for implementing plain and standardized packaging regulations for cigarettes. On January 30, 2018 the Bill passed second reading in the House of Commons and has been referred to Committee.

Among Ontario adults, agreement that cigarettes should be sold in plain white packages is high: 88% of never smokers, 80% of former smokers, and 70% of current smokers (CAMH Monitor 2016, data not shown).

### Health Warning Labels

The Scientific Advisory Committee suggested that health-warning labels have made a 'moderate potential contribution' to tobacco control, with an assessment that this policy be intensified.

Federally, all tobacco packaging must display a health warning label on 75% of the front and back surface of cigarette and little cigar packages and on 50% of the front and back of packages

of most other tobacco products.<sup>ii</sup> New health-warning labels are expected to be brought into force with the development of future labelling regulations over the next few years (the current warnings are from 2012). The expected implementation of plain and standardized packaging may be one impetus for this change.

## Advertising and Promotion

According to the Federal *Tobacco Act*, “no person shall promote a tobacco product by means of an advertisement that depicts, in whole or in part, a tobacco product, its package or a brand element of one or that evokes a tobacco product or a brand element,” with noted exceptions including “a publication that is provided by mail and addressed to an adult who is identified by name” or “signs in a place where young persons are not permitted by law.”<sup>41</sup>

In Ontario, tobacco marketing can take many forms including business-to-business (e.g., trade magazine advertisements of tobacco products), traditional advertising to adult consumers, and more innovative online approaches, which can create positive imagery around products.

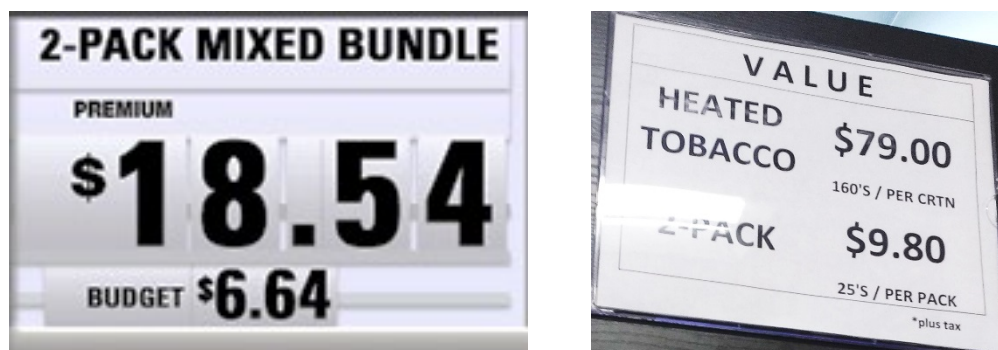
## Price Signage

The Executive Steering Committee recommended a ban on all price signs in retail settings in part because these signs actively promote discount cigarettes and volume discounts.

Currently in Ontario, a maximum of 3 signs that refer to (non-branded) tobacco products or price are permitted at retail, as long as they are not visible from the outside of the retail establishment, use black and white text against a white background, and do not exceed 968 square centimetres (Figure 7-7). Bundled price deals are permissible, as are advertising tobacco product categories (e.g., cigarettes, heated tobacco, etc.).

<sup>ii</sup> Under the authority of the *Tobacco Act*, the *Tobacco Products Labelling Regulations (Cigarettes and Little Cigars)* and *Tobacco Products Information Regulations*).

Figure 7-7: Retail Tobacco Product Signage, Ontario



Cigarette Bundle Deal

Heated Tobacco Signage

## Industry Incentives to Retailers

The Executive Steering Committee recommended banning all industry incentives offered to retailers.

Currently, there are no prohibitions on tobacco companies in Ontario from offering a range of direct and indirect incentives to retailers based on performance programs including monetary payments, free tickets to sporting and entertainment events, and vacations. In Quebec, as of November 2015, a manufacturer or distributor of tobacco products is prohibited from offering rebates, gratuities or any other benefits related to the sale of tobacco products to operators of tobacco retail outlets including their employees (e.g., sporting tickets, performance bonuses, etc.)<sup>42</sup>

## Social Marketing

Tobacco companies in Ontario use several avenues to market their products including Internet web sites, tobacco product packaging (e.g., phone numbers, URLs, and QR codes on select packages directing consumers to other resources), trade shows, and street intercept (e.g., one of the authors was approached by a company representative outside a retail store and asked to complete a survey and invited into the store to view product). Below, several illustrative examples of these forms of marketing are presented.

## IQOS (RBH)

A new heated tobacco product, IQOS has its own website (iqos.ca), which requires a login. Registered users are added to RBH’s database, which facilitates sending them information such as product information, brand preference advertising and/or information regarding the regulation of tobacco products.<sup>43</sup> IQOS also runs a longitudinal survey with a panel of users, with the aim of better understanding how their adult customers use their products. The collected data focus on IQOS use, use of other products (cigarettes, vaping devices), recent exposure to IQOS marketing information and likes and dislikes about using the product (e.g., taste, smell, price, design, cleaning process, etc.).

## MyPack (RBH)

This site (mynextpack.ca) is designed to let users “discover the latest scoop on music, trending articles, popular magazines, tobacco news, and more. All in one spot.”<sup>44</sup> As with the IQOS website (also from RBH), registered users are added to RBH’s database, which facilitates sending users information such as product information, brand preference advertising and/or information regarding the regulation of tobacco products.<sup>45</sup>

## Zyne (Imperial Tobacco)

This web-based platform (zyne.ca) is designed for adult users and is made available through an online registration process. From the site’s Terms & Conditions, the purpose of the website is “to have access to (i) electronic-magazine content; (ii) information about contests offered by third parties; (iii) information about local events and activities; (iv) tobacco advertising, namely product information and brand preference advertising regarding tobacco products; and (v) electronic communications as set out in the Notification section below.”<sup>46</sup> Electronic communications focus on the above and also include “reminders, surveys, announcements, and birthday and holiday notifications.”<sup>46</sup> The site currently has product information about i-glo—a new Imperial Tobacco heated tobacco product—and four other Imperial Tobacco brands: du Maurier, Players, John Players and Pall Mall.



## Smoking in the Movies

The Scientific Advisory Committee suggested that restricting movies with tobacco imagery to adults (by assigning an 18A rating) could influence studio and director choice to have smoking in movies and that this has the potential to substantially decrease smoking initiation in Ontario.

The depiction of tobacco use in movies increases the social exposure of tobacco products and tobacco use. Such depiction helps to normalize smoking behaviours, particularly when celebrities are seen using tobacco products. Viewing on-screen smoking is correlated with both youth smoking uptake and becoming an established smoker.<sup>47</sup> Furthermore, a causal relationship has been established whereby exposure to on-screen smoking leads to subsequent smoking initiation among youth.<sup>48</sup>

In 2016, 38% of top-grossing movies (n=133) in Ontario had tobacco imagery including 11% of all movies rated G (General), 46% of all movies rated PG (Parental Guidance), and 48% of all movies rated 14A.<sup>49</sup> This corresponded to 2742 tobacco incidents.<sup>iii</sup> By playing these Ontario Film Review Board rated G/PG/14A films across Ontario theatres, 340.3 million tobacco impressions<sup>iv</sup> on movie goers were delivered, which is equivalent to 61.5% of all in-theatre tobacco impressions.<sup>49</sup> Based on 2015 data, an estimated 185,000 children and teens aged under 17 living in Ontario would be recruited to cigarette smoking by their exposure to onscreen smoking.<sup>50</sup>

Restricting movies with tobacco imagery to adults (by assigning an 18A rating) could influence studio and director choice to have smoking in movies and has the potential to substantially decrease smoking initiation in Ontario. This policy measure is recommended by the Scientific Advisory Committee and public health stakeholders and institutions provincially, nationally and internationally. Yet, Ontario has not taken steps to protect youth from exposure to smoking in movies.

<sup>iii</sup> A tobacco incident is one occurrence of the use or implied use of a tobacco product (almost exclusively smoking) by an actor in a movie. Each screen appearance of tobacco is counted as one tobacco incident; incidents appearing in different 'cuts' may mean a single movie scene has multiple incidents.

<sup>iv</sup> In-theatre tobacco impressions are an index of the total audience exposure to onscreen tobacco imagery. A single tobacco impression is counted as one person seeing one incident. Total tobacco impressions delivered by a movie are computed by multiplying the number of tobacco incidents in the movie by the paid admissions (tickets sold) to that movie.

## Scientific Advisory Committee: Overview of Potential Contribution of Pro-Tobacco Influences

The updated Smoke-Free Ontario Scientific Advisory Committee report, *Evidence to Guide Action: Comprehensive Tobacco Control in Ontario (2016)*<sup>a</sup> outlined the potential contributions of 14 pro-tobacco influences interventions. Below is a summary of the ‘high’, ‘innovative’ and ‘moderate’ potential contributions for pro-tobacco influences including an assessment of their current status (Table 7-9).

**Table 7-9: Scientific Advisory Committee Potential Contributions to Pro-Tobacco Influences**

Contribution/Intervention	Current Status
<b>High Potential Contribution – Intensify</b>	
Price and Taxation	Limited – Despite an increase in 2017, Ontario continues to have the second lowest retail price (\$102.40) and total tobacco tax (\$66.29) for tobacco products compared to other Canadian provinces and territories.
Tobacco Advertising Promotion and Sponsorship Bans	Tobacco companies are severely restricted by the federal <i>Tobacco Act</i> . Notwithstanding, they have active initiatives in place that seek to reach customers including contest, customer lifestyle websites, and booths at festivals.
Anti-Contraband Measures	This is an active file within the RCMP’s Ontario Division and the Ontario Ministry of Community Safety and Correctional Services have created a Contraband Tobacco Enforcement Team within the Ontario Provincial Police (OPP). Together, these organizations, along with the Ministry of Finance are actively working on this file. To curtail contraband, more substantial measures are needed, as evidenced by the Quebec experience.
Banning Flavours in Tobacco Products	All flavours have been prohibited in Ontario since January 1, 2017, with the exception of some cigars weighing more than 1.4 grams but less than 6 grams (a flavour or aroma of wine, port, whiskey or rum is permitted), cigars weighing 6 or more grams, and pipe tobacco.
<b>High (Initiate)</b>	
Plain and Standardized Packaging	Provincially, no policy action is occurring. Federally, <i>Bill S-5</i> , which has passed second reading and is in committee, lays the foundation for implementing this initiative.

Contribution/Intervention	Current Status
<b>Innovative</b>	
Zoning Restrictions to Create Tobacco Retail-free Areas	Tobacco continues to be sold seven days a week, 24 hours a day in some 10,000 outlets with almost no zoning restrictions.
Retail Licenses	A provincial retail tobacco licence with an annual fee has not been implemented. It is expected that this would help decrease retail density.
Government-Controlled Outlets	Not implemented
Imposing a Quota on Tobacco Product Availability (Sinking Lid)	Not implemented
Regulated Market Model	Not implemented
Non-Profit Enterprise with a Public Health Mandate	Not implemented
Performance-Based Regulation	Not implemented
<b>Moderate Potential Contribution – Intensify</b>	
Health Warning Labels	Federally, health-warning labels were last changed in 2012. It is anticipated that the federal government will renew labels sometime over the next few years.

## Executive Steering Committee: Overview of Priority Actions for Pro-Tobacco Influences

The *Smoke-Free Ontario Modernization* report outlined a number of priority actions toward decreasing the prevalence of tobacco use to less than 5% by 2035.<sup>5</sup> Below is a summary of the priority actions for pro-tobacco influences including an assessment of how the current SFO initiatives address them (Table 7-10).

**Table 7-10: Executive Steering Committee Priority Actions for Pro-Tobacco influences**

Priority Actions	Current Status
<b>1.1 Use Tax and Other Pricing Policies to Increase the Cost of Tobacco Products</b>	
<b>1.1.1</b> Immediately raise provincial taxes on all tobacco products, including roll-your-own tobacco, to at least the highest rate of all other provinces and territories. Continue to regularly increase taxes to at least double the price of tobacco products. Reinvest all new revenue generated from these taxes into tobacco control	Ontario continues to have the second lowest retail price (\$102.40) and total tobacco tax (\$66.29) for tobacco products compared to other Canadian provinces and territories.
<b>1.1.2</b> Prevent the industry from circumventing tax-related price increases by: <ul style="list-style-type: none"> <li>Eliminating the price differential among different types and brands of cigarettes</li> <li>Prohibiting manufacturers and retailers from offering volume discounts (i.e., lower per-pack price for buying more than one pack of cigarettes).</li> </ul>	Not implemented
<b>1.1.3</b> Ban price signs in retail settings	Not implemented
<b>1.1.4</b> Ban all industry incentives offered to retailers	Not implemented
<b>1.1.5</b> Work with the federal government to identify and eliminate tax deductions and any other fiscal advantages available to tobacco companies	Not implemented
<b>1.2 Reduce the Availability of Tobacco in Retail Settings</b>	
<b>1.2.1</b> Use provincial and municipal legislation, zoning restrictions and licensing fees to reduce the number and density of retail tobacco vendors	Tobacco continues to be sold seven days a week, 24 hours a day in some 10,000 outlets with almost no zoning restrictions.
<b>1.2.2</b> Expand the ban on the display of cigarettes to include all smoking, tobacco-related and vaping paraphernalia	Not implemented

Priority Actions	Current Status
<b>1.3 Reduce the Supply of Tobacco Products in Ontario</b>	
<b>1.3.1</b> Reduce the annual quota of tobacco products in Ontario by implementing a “sinking lid” system that gradually reduces the amount of tobacco released to the market for sale	Not implemented
<b>1.3.2</b> Significantly enhance enforcement efforts to combat unregulated tobacco	No recent enhancement. However, this is an active file within the RCMP’s Ontario Division and the Ontario Ministry of Community Safety and Correctional Services have created a Contraband Tobacco Enforcement Team within the Ontario Provincial Police (OPP). Together, these organizations, along with the Ministry of Finance are actively working on this file.
<b>1.4 Make Industry Practices More Transparent</b>	
<b>1.4.1</b> Prohibit industry involvement in any activities that could impact health policies	Not implemented
<b>1.4.2</b> Make all government-industry contacts transparent	Not implemented
<b>1.4.3</b> Require the tobacco industry to disclose information on its practices	Currently, tobacco companies have a degree of mandatory reporting to the federal government. No broad requirement exists provincially.
<b>1.4.4</b> Vigorously pursue the health-care cost recovery litigation against the industry launched in 2009	Ongoing. The province has been working on this for many years. Status unknown.
<b>1.4.5</b> Calculate and publish the full annual cost of tobacco use, including personal costs (deaths, loss of quality life years), health care costs, productivity costs, other social costs and environmental costs (littering, toxins from smoke and cigarette butts leaching into soil and water)	Not implemented
<b>1.4.6</b> Impose an annual levy on tobacco companies to defray the health, social and environmental costs of their products not covered by tobacco excise taxes	Not implemented
<b>1.4.7</b> Discourage all publicly funded organizations from investing in the tobacco industry	Not implemented
<b>1.5 Regulate New Inhaled Substances and Delivery Devices</b>	
<b>1.5.1</b> Evaluate and regulate the marketing and use of all inhaled drug delivery devices and ultimately phase out the sale of all combustible delivery devices	Provincially, the <i>Smoke-Free Ontario Act</i> and the <i>Electronic Cigarette Act</i> provide a degree of regulation. New inhaled drug delivery



Priority Actions	Current Status
	<p>devices (e.g., vaping and heated tobacco products) do not always have the same restrictions as more traditional forms of tobacco.</p> <p>This report provides key monitoring/evaluative data on select tobacco, vaping, and heated tobacco products.</p> <p>A phase out of combustible products has not been implemented.</p>
<b>1.5.2</b> Restrict the sale of e-cigarettes and vaping products to people who smoke	Not implemented
<b>1.6 Eliminate All Tobacco Production in Ontario</b>	
<b>1.6.1</b> Establish a mandatory timeline (5 to 10 years) to phase out tobacco production on non-Indigenous lands	Not implemented
<b>1.6.2</b> Work with tobacco producers to develop crop replacements	Not implemented

## Chapter Summary

The Smoke-Free Ontario Strategy has curtailed pro-tobacco influences in many important ways including: widespread (but not total) marketing bans, total display bans at point-of-sale and flavour bans (now including menthol). Yet, the tobacco industry is still able to sell its deadly products cheaply (about 50 cents per cigarette) in close to 10,000 outlets, many of which are open 24 hours per day. Illicit activity makes tobacco available much more cheaply to a not negligible proportion of smokers.

In order to contain pro-tobacco influences in these areas, the Executive Steering Committee recommends:

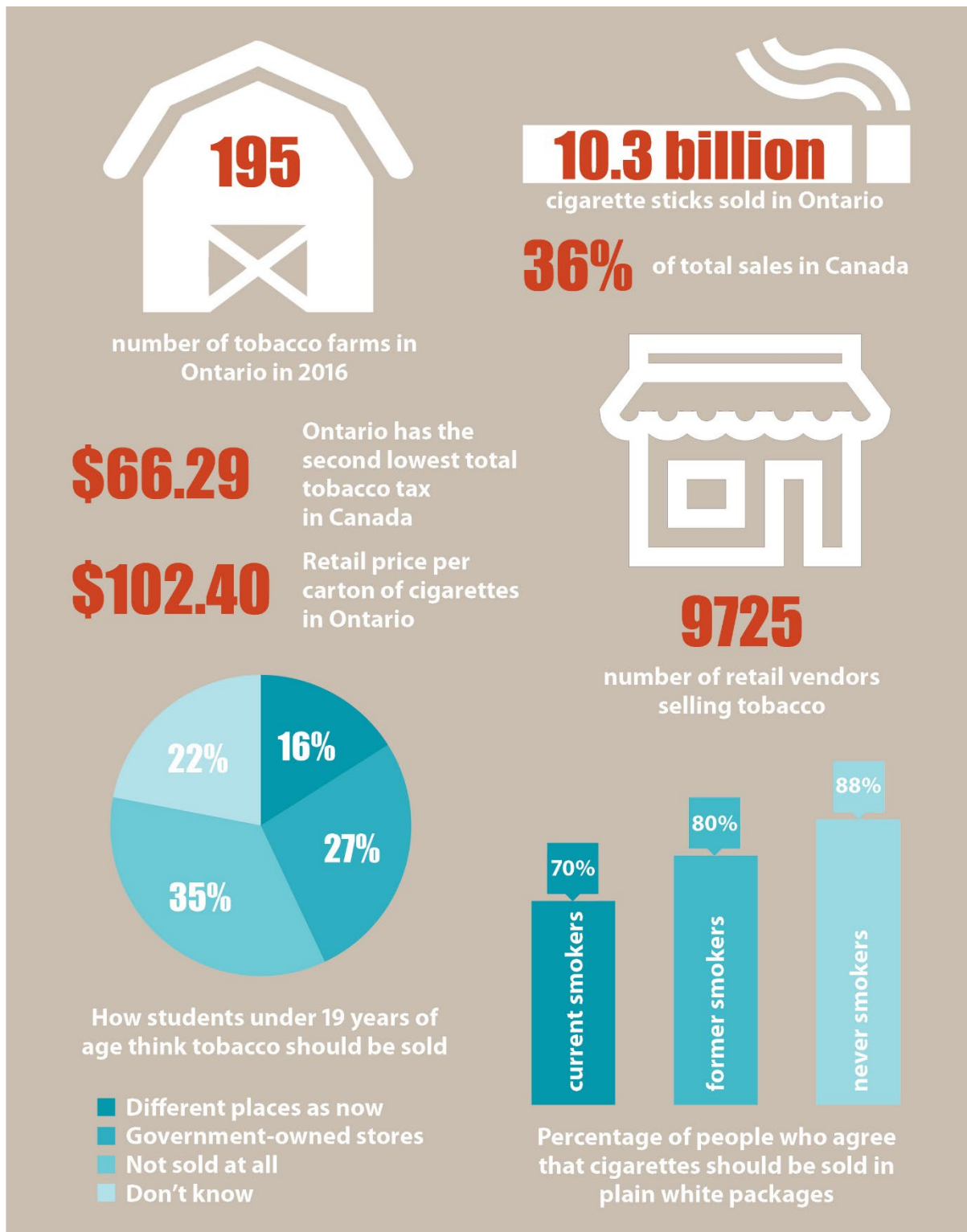
1. Immediately raising provincial taxes on all tobacco products to at least the highest rate of all other provinces and territories, followed by continued regular increases to at least double the price of tobacco products
2. Eliminating the price differential among different types and brands of cigarettes
3. Prohibiting manufacturers and retailers from offering volume discounts (i.e., lower per-pack price for buying more than one pack of cigarettes)
4. Using provincial and municipal legislation, zoning restrictions and licensing fees to reduce the number and density of retail tobacco vendors

Other pro-tobacco trends present new and continued concerns including:

- Production of tobacco in Ontario is increasing
- Launching of new products, particularly heated tobacco products, without pre-market approval and without information to consumers about their absolute and relative risks
- Introduction of new technologies (e.g., twistable and aqua filters) and slick new packaging for numerous brands
- Promotion occurring on Internet websites and with the launch of new heated tobacco products at retail
- Top-rated movies in Canadian theatres continue to have numerous tobacco scenes, which has led to 340.3 million tobacco impressions on movie goers

Seriously addressing these supply-side pro-tobacco influences is essential to achieving the cessation increases and initiation decreases needed to make Ontario the jurisdiction with Canada's lowest smoking rates and to achieving less than 5 by 2035.

## Visual Summary of Key Pro-Tobacco Influence Indicators



## Appendix: Data Table

**Table 7A-1: Location of Last Purchase, Ages 18+, Ontario, 2010 to 2016**

Sub-Indicator	Year	Population Estimate	Value (%)	LCL	UCL
First Nations reserve	2010		S		
Retail outlet	2010		82.9	74.5	88.9
First Nations reserve	2011		S		
Retail outlet	2011		81	73.3	86.9
First Nations reserve	2012	182,900	11.4 <sup>M</sup>	7.1	17.9
Retail outlet	2012	1,345,400	84.2	77.3	89.3
First Nations reserve	2013	271,300	19.3 <sup>M</sup>	11.9	29.7
Retail outlet	2013	1,085,000	77	66.6	84.9
First Nations reserve	2014	191,100	15.4 <sup>M</sup>	9.2	24.4
Retail outlet	2014	1,028,100	82.6	73.3	89.1
First Nations reserve	2015	179,600	12.4 <sup>M</sup>	7.1	20.7
Retail outlet	2015	1,159,800	80.1	68.3	88.3
First Nations reserve	2016	206,400	17.6 <sup>M</sup>	10.4	28.3
Retail outlet	2016	935,700	79.7	69	87.4

Note: S=Suppressed. Results too unreliable to be published due to (unweighted) sample size less than 30 or coefficient of variation greater than 33.3% (extreme sampling variability). M = Interpret with caution: subject to moderate sampling variability. [Data table is for Figure 7-1.](#)

Source: Centre for Addiction and Mental Health Monitor 2010-2016.

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