

- NEWS RELEASE -

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**THIRD QUARTER BUDGET UPDATE REVEALS INCREASED
TOBACCO SALES IN ALBERTA**

ASH Urging the Stelmach Government to Increase Tobacco Taxes

Edmonton - In yesterday's third quarter provincial fiscal update, the Alberta government reported a projected \$40 million increase-over-budget in tobacco revenues for the fiscal year ending March 31, 2007. The explanation provided for this unexpected rise was "increased shipments". The new projections represent a 5.4% increase over initial budget projections.

ASH is calling on the Stelmach government to increase tobacco taxes by at least \$2.00 per pack in the upcoming provincial budget to stem the increase in sales. The last tobacco tax increase of \$2.25 per pack in 2002 resulted in a record-breaking 24% decline in tobacco consumption in the following year.

ASH believes that price discounting by tobacco companies is a major contributor to the increase. Tobacco discounting has soared in recent years and discount products now represent close to 50% of the overall tobacco market in Canada.

"Tobacco companies cannot be allowed to undermine our quality of life with price discounts" said Les Hagen, executive director. "We believe that these discounts are contributing to increased sales, particularly among young people. If the government is truly committed to improving the quality of life of Albertans, then a significant tobacco tax increase is required immediately".

Last year, smoking rates among Albertans aged 15-19 increased by 20%, representing an additional 8,000 teenage smokers in the market, according to the Canadian Tobacco Use Monitoring Survey by Health Canada. ASH believes that the increased affordability of tobacco is a major contributor to the rise in teen smoking.

ASH is concerned that the increased affordability of tobacco is undermining the Alberta Tobacco Reduction Strategy—a provincial government initiative aimed at reducing the use of tobacco use. The strategy calls for a 50% reduction in tobacco shipments between 2001 and 2011. However the government has only achieved a 15% reduction since 2001 as the result of repeated sales increases since 2003 and only four years remain to achieve the full 50% reduction.

“The government must redouble its efforts to reduce tobacco use in order to meet its targets by 2011” Hagen added. “The quality of life of many Albertans is heavily compromised by tobacco use and forceful action is needed to reduce this needless loss and suffering”.

Tobacco is the leading avoidable cause of premature death in Alberta—resulting in one in every five deaths (3,400 deaths annually).

Alberta has the eighth lowest tobacco taxes of any province.

ASH is Western Canada’s leading tobacco control organization.

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