

Final hearing ends 25 years of tobacco litigation: **Provinces need to mitigate flawed settlement through bold measures and investments aimed at preventing more addiction and disease**

August 27, 2025 – Montreal, Edmonton – Now that the court is about to sign off on the **CCAA (Companies' Creditors Arrangement Act)** tobacco litigation proceedings, enabling payments to the industry's creditors and victims, **Action on Smoking & Health (ASH Canada)** and the **Quebec Coalition for Tobacco Control** are calling on provincial and territorial governments to mitigate the major flaws of the agreement.

Provincial and territorial governments failed to secure the prevention of more harm in the final agreement with the tobacco companies. Specifically, health groups are urging governments to modernize their tobacco control strategies with bold forward-looking measure to prevent more harm and to adequately fund such efforts with a small portion of the settlement proceeds. Options include banning all remaining commercial inducements towards smoking and vaping, price controls, licensing for all stages in the commercialization process, banning online and interprovincial sales, limiting retail density, improving smoking cessation coverage, etc.

Settlement void of remedial measures

“The settlement negotiated by the provinces contains no remedial actions to counter the ongoing harm to victims and additional demands on the health care system resulting from these companies’ products,” says **Flory Doucas, Codirector and spokesperson of the Quebec Coalition for Tobacco Control**. In sharp contrast, the 1998 [US Tobacco Master Settlement Agreement](#) included several remedial actions, such as a national ban on tobacco sponsorships and outdoor advertising, restrictions on tobacco sales to minors, stronger cigarette warnings and the establishment of a US\$365 million national tobacco control “Truth Initiative”, that allowed for meaningful prevention advocacy and industry denormalization – items that the Canadian settlement explicitly excluded.

“There is no industry restructuring to curb the sale of their deadly products, no measures to curtail the industry’s ability to recruit more customers, and no funds to help smokers quit. The tobacco settlement effectively allows tobacco companies to continue in a ‘business as usual’ manner without any restrictions on their operations,” she adds.

Action needed to mitigate pro-industry settlement

“Now that the negotiations are over and cash payments are commencing, the ball is squarely in the court of the provincial and territorial governments to remedy the flawed settlement. Provinces and territories should revamp their tobacco reduction strategies with bold new smoking and vaping reduction measures,” says **Les Hagen, Executive Director of ASH Canada**. *“Most provincial antitobacco strategies have faced significant cutbacks in the past 10-15 years, impeding renewed efforts to reduce and prevent*

tobacco use. *The settlement will not prevent future victims - unless provincial governments adopt stronger tobacco reduction measures and fund those efforts adequately.*

“Let’s be clear. Current and future smokers are the ones who will be generating revenues that will enable tobacco companies to pay provincial governments. The outcome of the flawed settlement is largely contingent on continued cigarette sales. Provincial governments should eliminate the apparent conflict of interest between potential revenues and public health arising from the terms of the settlement, and make it clear to their citizens where their priorities lie,” insists **Ms. Doucas**. *“Without bold and immediate action, future generation will pay for this settlement with more addiction, more disease and a higher burden on the health care system.”*

Pennies on the dollar and decades to pay

The settlement involves \$32.5 billion paid to all claimants, which include \$24.7 billion to provincial and territorial governments and \$7.7 billion to individual tobacco victims.

“While provincial and territorial governments boast about the large amounts of money they will extract from the tobacco industry, the settlement funds represent less than 5% of the \$500 billion they claimed Big Tobacco owed them for decades of health care costs related to smoking,” explains **Mr. Hagen**.

In addition, provinces will see comparably little income following the **initial lump sum payment**. In its July 31st **half Year Report**, **British America Tobacco** estimated that payments to provinces/territories may extend **over more than 40 years**. For example, with smoking declines continuing at their current rates and other factors remaining relatively stable, annual payments received in 2029 **are estimated at \$245 million** for **Quebec** and \$115 million for **Alberta**, falling grossly short of the **\$1,2 billion** annual direct tobacco health care costs in **Quebec** and **over \$500 million** in **Alberta**.

No dedicated funding to reduce tobacco use.

To date, no province has announced its intention to significantly boost tobacco prevention and reduction efforts and apply some of the settlement funds to support such undertakings. However, the initial statements of claim filed by provincial and territorial governments emphasized the enormous public health impact of tobacco use and the negligent and predatory marketing behaviour of the tobacco companies. The absence of any remedial actions contradicts the bold assertions made by the provincial governments in their initial court filings.

“Without immediate remedial measures to curtail the industry’s ability to recruit new customers and adequate funding for tobacco control initiatives, the settlement negotiated by the provinces and territories will be nothing more than a colossal cash-grab that does nothing to protect future generations from predatory tobacco companies,” concludes **Mr. Hagen**.

Tobacco use kills over 46,000 people annually—more than all other forms of substance use combined. For every person who dies from tobacco use, 20 people are suffering from illnesses caused by tobacco use—representing over 900,000 Canadians.