

NEWS RELEASE

Tobacco litigation: another extension granted to tobacco manufacturers

New study shows consumption reduction targets would generate more savings for Ontario and Quebec than any realistic monetary settlement

Ottawa, Montréal, September 29th 2020 — Today, the Ontario Court granted tobacco companies an additional six-month protection under the Companies' Creditors Arrangement Act (CCAA), renewing for the fifth time the March 8th 2019 order suspending all lawsuits against them, this time until the end of March 2021, in favour of secret negotiations with provincial governments and lawyers representing injured smokers.

In response to this decision as well as the approval of this decision by a majority of parties (necessarily including Quebec and Ontario as their claims are the largest), Physicians for a Smoke-Free Canada and the Quebec Coalition for Tobacco Control are releasing the results of a [new economic study](#) prepared by H. Krueger and Associates Inc¹ which reinforces their initial demands with respect to the importance of seeking non-monetary outcomes to these lawsuits. Professor Hans Krueger and his team show that Quebec would save \$22.2 billion and Ontario \$26.1 billion if smoking prevalence was reduced to under 5% by 2035, the stated target of the federal government's current anti-tobacco strategy. This reduction would be accompanied by 641,000 fewer smokers in Quebec and 990,000 fewer in Ontario. The study also reveals that despite the current downward of prevalence, these provinces are not set to meet the 5% target. However, the 5% target could be achieved if a court rendered it mandatory.

"We are calling on the Ministers of Health and Justice of Ontario and Quebec to settle their legal actions against Big Tobacco by demanding that these companies implement a court-supervised strategy to progressively reduce demand and supply of tobacco, as well as recreational nicotine products, so as to meet the official federal target of less than 5% prevalence by 2035," asserts Neil Collishaw, Director of Research for Physicians for a Smoke-Free Canada. *"The court should require the companies to meet annual milestones for tobacco use reduction. Failure to meet interim targets would carry significant and dissuasive court-imposed penalties."*

Currently, Canadian tobacco companies are in bankruptcy protection because of a 13 billion \$ penalty to be paid to Quebec smokers, and are locked in secret negotiations with all the provinces to settle their outstanding health care cost-recovery litigation, with Ontario's claim at \$330 billion and Quebec's at \$61 billion. *"As the Companies' Creditors Arrangements Act (CCAA) seeks to keep companies in business, even if they are facing financial claims they can't pay, it's clear that, pursuant to the CCAA, governments will not be awarded the amounts of their claims. It is therefore not only ethical but financially sound for governments to make this about concrete means to reduce the number of people who are addicted to nicotine and who smoke, as this would also generate far greater savings than any realistic monetary settlement,"* explains Flory Doucas, Co-director of the Quebec Coalition for Tobacco Control.

¹ H. Krueger & Associates Inc. is a firm based in the Greater Vancouver area presided by Dr. Hans Krueger, an epidemiologist, health economist and adjunct professor at the UBC School of Population and Public Health. His firm has provided counselling, modelling and other services to federal and provincial health agencies, as well as NGO's from across the country.

“Currently, neither Canadians nor health groups are informed nor consulted on what is going on in these secret CCAA discussions. Under the current circumstances, the negotiations would either result in a one-time payment that would likely be too small to be meaningful, or a somewhat larger payment to be delivered in instalments over several years. In either case, payments would represent pennies on the dollars claimed and ultimately lead to perverse consequences on public health,” adds Mr. Collishaw.

“From a public health and economic point of view, such a settlement would be complete folly. It would create an interest among provincial governments in keeping tobacco consumption high enough to continue to collect settlement money. And these amounts would still be dominated by the health care costs that they could have been avoided with fixed reduction targets. Without such targets, tobacco consumption will continue to decrease at its current slow rate and countless Canadians will continue to suffer from needless diseases and deaths for decades to come. Most significantly in relation to the cost-recovery lawsuits, the sums extracted from tobacco companies would be paltry compared to the savings that could be realized by avoiding future tobacco-related costs,” says Mr. Collishaw.

“Ontario and Quebec are the biggest players in the current CCAA settlement talks. By acting jointly, they can change the nature of the game and force a settlement that aligns public health objectives with financial ones,” expounds Ms. Doucas.

The other eight provinces account for 38.4% of the Canadian population. *“We urge the other eight provinces to support Ontario and Quebec in this approach, creating a chorus of demands for tobacco companies to change the way they do their deadly business so as to achieve the ‘less than 5 by ’35’ target all across the country,”* concludes Mr. Collishaw.

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Documents:

- [The economic benefits of reducing the prevalence of tobacco smoking in Quebec and Ontario \(Full report\)](#)
- [The economic benefits of reducing the prevalence of tobacco smoking in Quebec and Ontario \(Executive summary\)](#)
- [Backgrounder](#)