

Good afternoon Madam Chair and committee members. My name is Mike Hammoud. I am president of the Atlantic Convenience Stores Association, a paid membership, not-for-profit organization representing the interests of Atlantic Canada's convenience store industry.

Our industry is deeply disappointed in how the provincial government is handling Bill 90, which will ban virtually all flavoured tobacco products in Nova Scotia. Flavoured tobacco in Nova Scotia has a retail value in the millions of dollars annually and directly impacts more than 1,000 businesses in Nova Scotia and hundreds of jobs.

Bill 90 was tabled last Friday, it comes before the Law Amendments Committee three days later, and it is the intent of government to make this ban effective 40 days from now. Small business is going to have a hard time adjusting in such a compressed time frame.

Government consulted with stakeholders and published findings in their *Flavoured Products Consultation Report*. The findings are inconclusive, subjective and often contradictory, yet government has chosen to enact what is essentially the maximum penalty possible.

Quite frankly, government's intent has been very clear since Bill 60 went sideways and public image has trumped informed decision making.

In the case of menthol cigarettes, the volume of menthol cigarettes consumed by youth compared to non-menthols is unknown, and there is no evidence-based scientific research that supports the claims that menthol promotes smoking experimentation and uptake among youth in Canada.

If menthol cigarettes are so popular among youth and the cigarette of choice of so many, it is totally baffling why the actual total menthol cigarette market in Canada does not reflect its supposed popularity among youth. The numbers simply don't add-up.

Government's argument with respect to menthol is not based on fact.

On October 28th, 2014, Health and Wellness Minister Glavine stood before the Nova Scotia legislature and said, I quote: "We plan to exempt menthol because it has been on the market for decades and it's not marketed to youth. Our concern is with the explosion of candy-flavoured tobacco that is clearly being marketed to young people in an effort to get a whole new generation addicted to smoking, addicted to nicotine."

No information was presented on menthol during the consultation process that Minister Glavine and his staff were not already aware of when he made his statement in October. Yet government does a complete about face.

The Minister is also saying that banning flavours will cost the government \$5-million annually in lost tax revenue. They haven't told us where that number comes from, there's been no account in the budget for it and our estimate is closer to \$18-million. That's a big difference.

Government says that they want to protect youth, but youth themselves are doubtful that a flavour ban will have much effect. We know that there are more effective ways to reach out to youth with an anti-smoking effort at a fraction of the cost of what government's experiment will cost.

Regardless of what your viewpoints are on flavoured tobacco, many of our members, some of which are with me today, who are small business owners in your community, are of the opinion that government is displaying a total lack of respect for the legislative process. It makes one wonder why anyone would want to invest in a small business in Nova Scotia when government can change the rules overnight, and take such a high-handed approach to enacting regulations.

And what about the adult Nova Scotian's who have had a legal right to purchase flavoured tobacco products? It is widely accepted that these individuals likely have a serious addiction challenge, yet government is going to give them 40 days to quit or switch to a non-flavoured tobacco alternative.

There is also the option of customers driving to New Brunswick retailers and right here in Nova Scotia the readily accessible black market. If you don't believe me ask your local RCMP member. They will tell you that for menthol smokers there are at least 32 illegal brands of menthols available plus unbranded product that is sold in baggies. These products are not regulated in any way, including manufacturing standards. Talk about a health hazard.

Soon, criminals in Nova Scotia will have an exclusive product. There will be lots of illegal menthol to go along with Marijuana and other drugs that they traffic.

The wholesale and retail flavoured tobacco product inventory in Nova Scotia has considerable value. Some of these products have a quick turnover while other products are slower moving, but have a long shelf life. Some of these products are made in Canada while others are imported. Either way, we estimate that there will be hundreds of thousands of dollars of inventory and non-cancelable orders still in the channel if the government sticks to its May 31st ban date.

This is product that has been paid for or committed to by Nova Scotia businesses, including federal and provincial excise taxes. If these products can't be sold, then that's a serious financial loss. This action by government is no fault of law abiding businesses, so how is government going to reimburse these businesses for their losses?

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If government is so dead set on implementing this ban then industry deserves a more reasonable transition period than just 40 days. Flavour bans in the European Union announced last year would not take effect until 2020. Ontario would have a 2-year transition period if their flavour ban legislation is passed.

I'd like to summarize by putting a few questions to you...

Will you ask how the projected \$5-million annual loss in tax revenue associated with this planned flavour ban is derived?

Will you recommend that menthol tobacco products be exempt from any flavour ban because of the lack of substantive evidence of its true impact on Canadian youth?

Will you recommend that industry be given a reasonable and fair time frame, 2-years to clear its product channels and adapt business operations?

Will you ask what the Province is planning to do to mitigate the threat of increased contraband as a result of banning menthol?

Will you recommend that government reimburse the industry for unsaleable product if the 5 week timetable of May 31st ban date is not changed?

Thank you and I'm happy to address any questions that you have.