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# ARCTIC VENTURES LTD.

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10 February 1994

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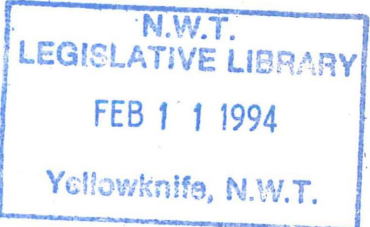
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Hon. John Pollard,  
 Minister of Finance,  
 Government of the N.W.T.,  
 Yellowknife, N.W.T.

FAX: 403-873-0169

Dear John.

## CIGARETTE TAXES



Further to my faxed letter of yesterday, we wish to advise you of the following.

Despite the comments made in the House yesterday that the price of cigarettes would not be going down in the N.W.T., we, along with other stores in Iqaluit, have already had to lower our price on the advice of our tobacco wholesalers because of the decrease in federal taxes.

However, we have only been able to lower our price from \$56.00 per carton (plus GST) to \$51.00 per carton (plus GST). In Quebec, cigarettes are selling today for \$24.50 per carton (plus GST). Many customers have already told us that they intend to order cigarettes from Quebec, most from Quebec food suppliers, such as Marche Turenne and Marche Daoust, despite the fact that they know that this is illegal. This will result in two negative impacts for stores in the Eastern Arctic: (1) lower cigarettes sales, (2) lower food sales as smokers who did not place private food orders before, start to do so as a means of ordering cheap cigarettes. This will adversely affect every business selling food and cigarettes and served by air from Quebec, specifically every business in the Baffin Region.

We know for a fact that taxi drivers in Iqaluit will also be selling Quebec cigarettes from their cars, thereby depriving the GNWT of its tax revenue and the federal government of GST revenue.

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We urge you, therefore, to follow the lead of Quebec and lower the territorial tax on cigarettes. If you feel you cannot do this across the board, then at least protect merchants in this region by doing it for the Baffin Region.

Yours sincerely,

  
Kenn Harper

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