

The Cost of Tobacco in Nova Scotia



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Executive Summary

Conventionally, smoking is counted as a benefit to the economy. Canadians spend nearly \$10 billion a year on tobacco products, smoking 45 billion cigarettes a year. Nova Scotians smoke 1.5 billion cigarettes a year, contributing \$295 million to the province's annual gross domestic product (GDP). Smoking continues to make the economy grow with spending on nicotine replacement therapy and doctor, hospital and drug bills to pay for smoking-related illnesses. Because current measures of progress based on economic growth statistics make no distinction between economic activities that create benefit and those that cause harm, spending generated by smoking, crime, pollution, car accidents and other liabilities are conventionally counted as signs of economic growth, prosperity and well being.

In the Genuine Progress Index (GPI), by contrast, smoking is counted as a cost rather than a gain to the economy, because it causes sickness and premature death. Money not spent on smoking could be spent on more productive activities. In Nova Scotia, spending diverted from imported tobacco products would stimulate the local economy, because the new spending would include a higher proportion of locally produced goods and services.

Tobacco costs the Nova Scotia health care system \$168 million a year in direct health care costs. Smoking kills about 1,650 Nova Scotians and more than 45,000 Canadians every year. When productivity losses due to premature death and absenteeism are added to medical costs, smoking costs the Nova Scotia economy more than half a billion dollars annually. In addition, it costs Nova Scotia employers about \$250 million more a year (or \$2,280 per smoker) to employ a smoker than a nonsmoker, in lost on-the-job productivity, excess absenteeism, higher life insurance premiums, and smoking area costs.

Nova Scotia currently has the highest smoking rate in Canada (29%), the heaviest consumption of cigarettes per smoker, and the highest rate of nicotine addiction in the country. 28% of pregnant mothers smoke and 31% of teenagers 15-19 years old smoke in Nova Scotia, with teen smoking rates up throughout Canada compared to 1990. At today's rates, more than 65,000 Nova Scotia children and teens alive today will become regular smokers. Of these, 15,000 will be killed by their addiction in middle age, each losing about 22 years of nonsmoker life expectancy.

If 10% of Nova Scotia smokers quit, the province would save \$1 billion over 30 years and save 92,000 life years, compared to the costs incurred if these quitters had kept smoking. If the province restored tobacco taxes to pre-1994 levels, savings would be nearly \$3 billion. There are currently 16,000 underage smokers in Nova Scotia spending \$10.6 million annually on cigarettes. These illegal sales yield \$6.4 billion in federal and provincial taxes, eight times Nova Scotia's current tobacco control budget. Price elasticity studies show that every 10% increase in the price of cigarettes will reduce smoking among Nova Scotia teenagers by 7%.

Cancer Care Nova Scotia

This study also examines in detail the cost effectiveness of different tobacco control strategies, including school-based smoking prevention curricula, counseling for pregnant mothers, anti-tobacco advertising, physician advice, and smoking bans at work and in public places. For example, every dollar spent in delivering Nova Scotia's exemplary "Smoke-Free for Life" curriculum would yield more than \$15 in savings from avoided health care and productivity losses. Delivered to all 76,000 Nova Scotia 10-15 year-olds, it would save \$70 million a year. Similarly, every dollar invested in counseling pregnant smokers will yield more than \$10 in savings on intensive neonatal care for low birth-weight babies, long-term infant care costs, and avoided health care costs for the mothers.