

Tobacco affordability and consumption in Alberta

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Tobacco consumption in Alberta

Tobacco consumption in Alberta continues to gradually rise. It has increased from 4.33 billion cigarette equivalents sold during the 2011–12 fiscal year, up to 4.47 billion cigarette equivalents sold in the 2013–14 fiscal year.¹

Alberta Finance and Enterprise reported a \$5 million increase in tobacco taxes collected during the first half of the 2013–14 fiscal year, as compared to the first half of the previous fiscal year.² A small portion of the increase in tobacco consumption may be attributable to the three per cent growth in Alberta's population from 2012 to 2013.³

Alberta's smoking prevalence rate is 16 per cent. This is higher than the national average of 14.6 per cent and well above British Columbia's rate of 11.4 per cent, which is the lowest in the country.⁴

Prevalence data on spit tobacco use is limited; however, industry reports to Health Canada indicate that shipments of spit tobacco to Alberta also continue to rise. In 2014, 130,659 kg of spit tobacco was shipped to Alberta, compared to 111,077 kg in 2010. Currently, 42 per cent of all spit tobacco shipments in Canada are sent to Alberta,⁵ a province with only 11.6 per cent of the nation's population.⁶

Addiction to tobacco products is the leading cause of preventable illness, disability and death in Alberta and Canada.⁷ Although progress has been made in reducing tobacco use, there are still approximately 524,148 smokers in Alberta.⁸

The rising popularity of other forms of tobacco use, such as spit tobacco and water pipes, also has negative implications for the health of Albertans, and may contribute to preventable healthcare costs in the future.

Evidence of the impact of price on tobacco consumption

The World Bank concluded that raising tobacco taxes is the single most important step governments can take to reduce smoking rates among adults and youth, particularly for those in the lowest socioeconomic groups, where smoking rates tend to be higher.^{9,10} For example, tobacco consumption fell from 5.39 million cigarette equivalents to 3.95 million cigarette equivalents following Alberta's historic \$2.25 per package tobacco tax increase in 2002.¹¹

Increased tobacco prices reduce consumption by helping prevent initiation of tobacco use, increasing motivation to quit and reducing intake among those who remain smokers. For instance, increasing the cost of tobacco products by 10 per cent (i.e., an increase of about \$1 per package of cigarettes in Alberta) has been shown to reduce tobacco demand by four per cent in adults and 16 per cent in youth.¹²

It is important to note that an increase in the real (after inflation) price of tobacco does not necessarily decrease the affordability of tobacco products. Generally, income is positively related to tobacco consumption; therefore, an increase in income may lead to an increase in tobacco consumption.¹³ As such, in order to reduce consumption, an increase in the real price of tobacco must be relatively higher than any recent increase in wages.¹⁴

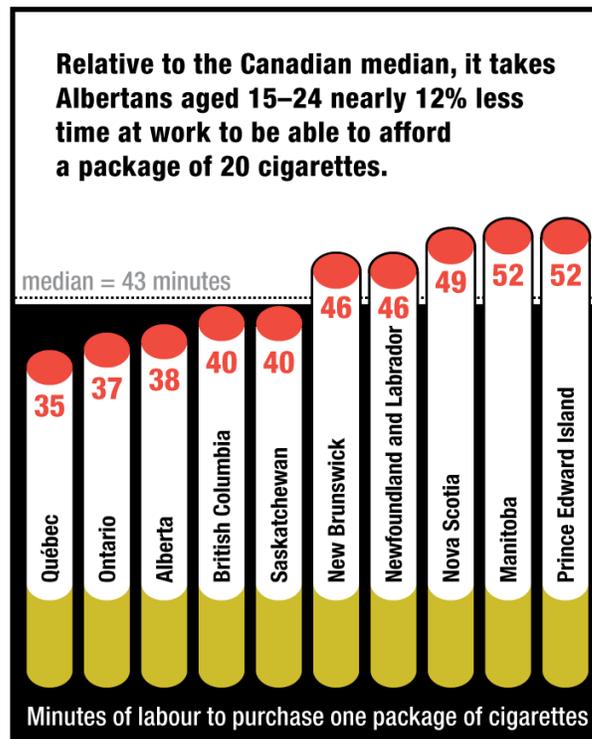
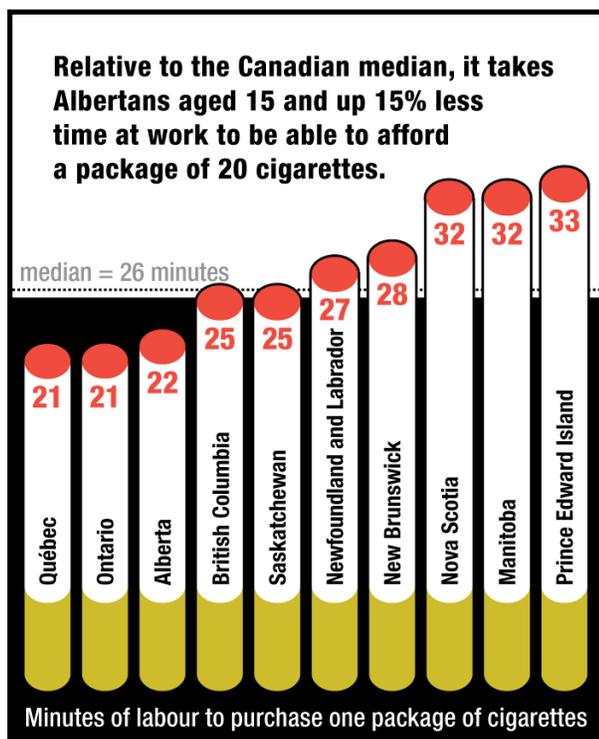
Affordability of tobacco products by province

The high average hourly wage in Alberta makes tobacco products more affordable. When calculating the number of minutes of work required to purchase a package of cigarettes, Alberta is the third most affordable province for 15 to 24 year olds, and for people aged 15 and over, to purchase tobacco products.



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| Province | Price per package (20 cigarettes) ¹⁶ | Average hourly wage ¹⁵ | | Minutes of labour to purchase one package of cigarettes | | Affordability ranking | |
|---------------------------|---|-----------------------------------|-------------------|---|-------------------|-----------------------|-------------------|
| | | 15 to 24 years | 15 years and over | 15 to 24 years | 15 years and over | 15 to 24 years | 15 years and over |
| Québec | \$ 8.49 | \$14.14 | \$23.91 | 35 | 21 | 1 | 1 |
| Ontario | \$ 8.93 | \$14.26 | \$26.02 | 37 | 21 | 2 | 1 |
| Alberta | \$10.58 | \$16.98 | \$29.34 | 38 | 22 | 3 | 3 |
| British Columbia | \$10.38 | \$15.45 | \$25.29 | 40 | 25 | 4 | 4 |
| Saskatchewan | \$11.11 | \$16.70 | \$26.65 | 40 | 25 | 4 | 4 |
| New Brunswick | \$10.06 | \$13.31 | \$21.56 | 46 | 28 | 6 | 7 |
| Newfoundland and Labrador | \$11.08 | \$14.25 | \$24.70 | 46 | 27 | 6 | 6 |
| Nova Scotia | \$11.74 | \$14.34 | \$21.98 | 49 | 32 | 8 | 8 |
| Manitoba | \$12.43 | \$14.20 | \$23.53 | 52 | 32 | 9 | 8 |
| Prince Edward Island | \$11.52 | \$13.17 | \$21.18 | 52 | 33 | 9 | 10 |

Note: To calculate the minutes of labour required to purchase one package of cigarettes, the price of a package of 20 cigarettes was divided by the average wage per minute (average hourly wage was converted to wage per minute by dividing by 60). Numbers were rounded to two decimal places.

- ¹ Alberta Treasury Board and Finance (2013). May 7, 2013 email correspondence.
- ² Government of Alberta (2013). *Budget 2013, second quarter fiscal update and economic statement*. Retrieved from <http://www.finance.alberta.ca/publications/budget/quarterly/2013-14-2nd-Quarter-Fiscal-Update.pdf>
- ³ Government of Alberta. (2013, 2012). *Municipal affairs population lists*. Retrieved from http://www.municipalaffairs.gov.ab.ca/mc_official_populations.cfm
- ⁴ Government of Canada. (2013). *Canadian Tobacco Alcohol and Drugs Survey*. Retrieved from <http://healthycanadians.gc.ca/science-research-sciences-recherches/data-donnees/ctads-ectad/tables-tableaux-2013-eng.php>
- ⁵ Health Canada data provided to Alberta Health Services, April 2015.
- ⁶ Statistics Canada. (2014). *Population by year, by province and territory*. Retrieved from <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/demo02d-eng.htm>
- ⁷ World Health Organization. (2011). *Who report on the global tobacco epidemic, 2011: Warning about the dangers of tobacco*. Retrieved from http://whqlibdoc.who.int/publications/2011/9789240687813_eng.pdf?ua=1
- ⁸ A calculation based on 2013 population estimates from Statistics Canada (<http://www5.statcan.gc.ca/cansim/a26>) and prevalence data from CTADS (<http://healthycanadians.gc.ca/science-research-sciences-recherches/data-donnees/ctads-ectad/tables-tableaux-2013-eng.php>)
- ⁹ Chapman, S. (2000). Falling prevalence of smoking: How low can we go? *Tobacco Control*, 16, 145–147.
- ¹⁰ Chaloupka, F. J., Yurekli, A., & Fong, G. (2012). Tobacco taxes as a tobacco control strategy. *Tobacco Control*, 21, 172–180.
- ¹¹ Alberta Treasury Board and Finance. (2012).
- ¹² Chaloupka, F. J., Hu, T.-W., Warner, K. E., Jacobs, R., & Yurekli, A. (2000). *Tobacco control in developing countries: The taxation of tobacco products*. Washington, DC: The World Bank.
- ¹³ Chaloupka, F. J., & Warner, K. E. (2000). The economics of smoking. In A.J. Culyer and J. P. Newhouse (Eds.), *Handbook of health economics* (pp. 1539–1627). Amsterdam: Elsevier/North-Holland.
- ¹⁴ Guinon, G. E., Tobin, S., & Yach, D. (2002). Trends and affordability of cigarette prices: Ample room for tax increases and related health gains. *Tobacco Control*, 11, 35–43.
- ¹⁵ Statistics Canada. (2015). *Average hourly wages of employees by selected characteristics and occupation, unadjusted data, by province (monthly)*. Retrieved July 2015 from <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/labr69h-eng.htm>
- ¹⁶ Tobacco tax table from Statistics Canada, December 2015.