

Tobacco affordability and consumption in Alberta

Tobacco consumption in Alberta

Tobacco consumption in Alberta increased to 4.44 million cigarette equivalents for the 2012 to 2013 fiscal year from 4.33 million cigarette equivalents sold in the 2011 to 2012 fiscal year.¹ Some or all of the increase in tobacco consumption may be attributed to the growth in Alberta's population.

The Canadian Tobacco Use Monitoring Survey (CTUMS) reports Alberta's lowest ever recorded rate of cigarette smoking at 17.7 per cent, representing an approximate decrease of 32,565² smokers in the last year. Alberta's smoking rate is marginally higher than the national average of 17.3 per cent but well above British Columbia's rate of 14.2 per cent.

Shipments of spit tobacco to Alberta rose to a record high of 127,490 kilograms in 2011 from 112,425 kilograms in 2010, an alarming increase of 13 per cent. During the same period, total spit tobacco shipments in Canada increased from 297,098 to 317,404 kilograms, with 74 per cent of the increase in shipments going to Alberta.³

We have made progress in reducing tobacco use; however, there are still approximately 524,000 Alberta smokers. The rising popularity of other forms of tobacco use has further negative implications for the health of Albertans and has the potential to contribute to preventable healthcare costs.

Addiction to tobacco products remains the leading cause of preventable illness, disability and death in Alberta and Canada.

Evidence of the impact of price on tobacco consumption

The World Bank has concluded that raising tobacco taxes is the single most important step that governments can take to reduce smoking among both adults and young people, particularly among those in the lowest socioeconomic groups, where smoking rates tend to be high.⁴

Increased prices reduce cigarette consumption by helping to prevent initiation of tobacco use, by increasing motivation to quit and by reducing consumption among those who remain smokers. For instance, increasing the cost of tobacco products by ten per cent (e.g. an increase of about \$1.00 per pack of cigarettes in Alberta) has been shown to reduce tobacco demand by four per cent in adults and sixteen per cent in youth.⁵ 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.⁶ That is, an increase in income will lead to an increase in tobacco consumption. In order to reduce consumption, an increase in the real price of tobacco must be relatively higher than any recent increase in wages.⁷

In the last decade, tobacco consumption was at its lowest in 2003. Tobacco consumption fell from 5.39 billion cigarette equivalents to 3.95 billion cigarette equivalents following Alberta's historic \$2.25 per package tobacco tax increase.⁸

Affordability of tobacco products by province

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

The affordability of tobacco (based on the purchase price of a package of 25 premium cigarettes and average hourly wage) in Alberta and in other provinces is presented in Table 1. Based on average hourly wages, Table 1 shows that a pack of premium cigarettes costs \$11.09 in Alberta; however, because of Alberta's high wages, it takes the average employed 15 to 24-year-old only 38 minutes of labour to purchase a pack of cigarettes, a decrease from 44 minutes when tobacco affordability was calculated in September 2011. In contrast an additional 27 minutes of labour (65 minutes in total) are required for employed youth and young adults to purchase a package of cigarettes in Prince Edward Island (PEI). Also, Albertans aged 15 to 24 years may purchase discount cigarettes at a cost of \$7.00 per pack with only 24 minutes of labour, on average.

Table 1. Prices of cigarettes, average hourly wages (April 2013) and affordability of tobacco products (defined as the number of minutes of labour required to purchase one pack of 25 premium cigarettes) by province for employed Canadians aged 15 to 24 years and 15 years and over.

Province	Price per package ¹⁰	Average hourly wage ⁹		Min. 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
Alberta	\$11.09	\$17.22	\$27.80	38	24	1	1
Québec	\$ 9.62	\$12.97	\$22.59	44	25	2	2
Ontario	\$10.05	\$13.47	\$24.85	46	25	3	2
New Brunswick	\$10.51	\$12.76	\$20.43	50	31	4	5
British Columbia	\$11.92	\$14.12	\$24.26	50	30	4	4
Saskatchewan	\$13.22	\$15.70	\$24.54	51	34	6	7
Newfoundland & Labrador	\$12.13	\$13.98	\$23.68	53	31	7	5
Nova Scotia	\$13.43	\$12.51	\$21.30	64	37	8	8
PEI	\$12.84	\$11.92	\$20.33	64	39	8	9
Manitoba	\$15.02	\$13.52	\$21.68	65	42	10	10

¹ Alberta Treasury Board and Finance (2013). May 7, 2013 email correspondence.

² Estimate, Alberta Health Services. Alberta's 2011 population aged 15 and over is 2,960,470. With an 18.8 per cent smoking prevalence rate there are 556,568 Alberta smokers aged 15 and over. With a 17.7 per cent smoking prevalence rate there are 524,003 Alberta smokers aged 15 and over. Does not account for population growth.

³ Health Canada data provided to Alberta Health Services, July 2012.

⁴ Chapman, S. (2000). Falling prevalence of smoking: How low can we go? *Tobacco Control*, 16, 145–147. Retrieved April 18, 2013 from <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2598496/>.

⁵ 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. Retrieved April 18, 2013 from <http://www.worldbank.org/tobacco/tcdc/237TO272.pdf>.

⁶ 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.

⁷ 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. Retrieved April 18, 2013 from <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1747639/>.

⁸ Alberta Treasury Board and Finance (2012).

⁹ Statistics Canada (2013). *Average hourly wages of employees by selected characteristics and profession, unadjusted data, by province (monthly)*. Ottawa. Retrieved May 23, 2013 from <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/labr69a-eng.htm>.

¹⁰ Smoking and Health Action Foundation. (2013). *Cigarette prices in Canada: A map comparing the price of a carton of 200 cigarettes in Canada's provinces and territories*, as of April 17, 2013. Retrieved April 17, 2013 from http://www.nsra-adnf.ca/cms/file/files/130417_map_and_table.pdf