

# SMOKE-FREE ENVIRONMENTS

## Smoke-Free Laws Benefit the Economy

Allowing smoking in workplaces and public places is a drain on the economy. It imposes a heavy financial burden through increased medical costs, lost productivity due to illness, higher insurance premiums, and increased cleaning and property maintenance costs.<sup>1</sup>

Smoke-free laws reduce exposure to secondhand smoke and help smokers quit. As a result, smoke-free laws save lives and reduce healthcare and other costs associated with smoking in workplaces and public places.

### Exposure to secondhand smoke imposes significant medical costs

Implementing smoke-free laws will help reduce medical costs associated with secondhand smoke exposure.

- In the United States, the Society of Actuaries estimated that almost US\$5 billion is spent every year for medical care for diseases in non-smokers caused by exposure to secondhand smoke.<sup>2</sup>
- In the United Kingdom, exposure to secondhand smoke among children costs at least £9.7 million each year in primary care visits and asthma treatment, £13.6 million in hospital admissions, and £4 million on asthma drugs for children up to the age of 16.<sup>3</sup>
- In Switzerland, secondhand smoke exposure in public causes 32,000 preventable hospital days and 3,000 years of life lost—corresponding to healthcare costs of CHF 330 million.<sup>4</sup>
- In Hong Kong, secondhand smoke exposure costs an estimated US\$156 million in direct medical costs, long-term care, and productivity loss.<sup>5</sup>
- New York's statewide smoke-free law was associated with 3,813 fewer hospital admissions for acute heart attacks in 2004 resulting in a savings of US\$56 million in direct health costs.<sup>6</sup>

### Smoking in the workplace reduces productivity

Allowing smoking in workplaces leads to lost productivity among smoking employees.

- In Sweden, a study of over 14,000 workers found that smokers were absent between 7.7 and 10.7 days more each year than were non-smokers.<sup>7</sup>
- In Scotland, a survey of 200 Scottish workplaces found that absenteeism among smokers reduced productivity by £40 million.<sup>8</sup>
- A review literature on employee smoking breaks found that smoking employees take an additional 4 to 30 minutes in break time each day to smoke.<sup>9</sup>

### Smoking in the workplace results in additional costs to businesses

Allowing smoking in workplaces leads to increased maintenance and insurance costs.

- In the United States, smoke-free offices are estimated to save \$728 per 1000 square feet each year in decreased maintenance costs.<sup>9</sup>
- Implementing smoke-free laws lowers the risk of fires and accidental injuries,<sup>9</sup> which can reduce insurance costs. In the United States, smoke-free businesses have negotiated for lower fire and property insurance premiums, with some businesses winning reductions of 25–30%.<sup>10</sup>

### Smoke-free laws do not harm the hospitality industry

The tobacco industry claims that smoke-free laws will negatively impact the hospitality industry (e.g. restaurants, bars, etc.). Studies evaluating revenues and employment in the hospitality industry before and after smoke-free laws consistently show no negative economic impact.

- The WHO International Agency for Research on Cancer published a review of 165 studies in 2009 that found “smoke-free policies do not have an adverse economic impact on the business activity of restaurants, bars, or establishments catering to tourists, with many studies finding a small positive effect of these policies.”<sup>11</sup>
- A 2003 review of 97 studies on the economic impact of smoke-free laws found:

*“All of the best designed studies report no impact or a positive impact of smoke-free restaurant and bar laws on sales or employment. Policymakers can act to protect workers and patrons from the toxins in secondhand smoke confident in rejecting industry claims that there will be an adverse economic impact.”<sup>12</sup>*

- All of the studies reporting a negative impact were supported by the tobacco industry.<sup>12</sup>

- A 2005 review of 115 studies from Australia, Canada, and United States found that “smoke-free legislation does not have a negative impact on the sales, revenues, profits and employment of restaurants, bars, hotels, and gaming facilities over the long term.”<sup>13</sup>
- During the year after Mexico City’s 2008 smoke-free law, there was no significant negative impact on revenues, wages and employment levels in restaurants, nightclubs, bars and taverns. In fact, there were modest increases in wages and employment levels across all venues, and restaurants experienced a modest increase in revenue.<sup>14</sup>
- In Argentina, a study of the smoke-free laws in Buenos Aires and four provinces showed that the laws did not negatively affect the sales at bars and restaurants. In the case of Buenos Aires, there is evidence that the smoke-free law led to a 7–10% increase in the sales at bars and restaurants.<sup>15</sup>
- In the United States, state-specific studies find no negative impact of smoke-free laws on hospitality venues.
  - In the state of Minnesota, there was no significant change in bar or restaurant employment in both rural and urban regions following local smoke-free laws.<sup>16</sup>
  - Two years after the smoke-free law was implemented in the state of Washington, sales revenues were US\$105.5 million higher than expected for bars and taverns.<sup>17</sup>
- Despite concerns that New Zealand’s 2004 smoke-free law would reduce tourism, the country experienced a 1.5% increase in overseas visitors and a 3.3% increase in visitors’ expenditures in 2005.<sup>18</sup>

## Key messages

- **Exposure to secondhand smoke increases healthcare and medical costs.**
- **Smoke-free laws can help businesses improve their profits by increasing worker productivity and decreasing costs associated with allowing smoking.**
- **Smoke-free laws do not harm the hospitality industry. In some cases, smoke-free laws have a positive impact on the hospitality industry.**

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