



Media Release

Date: **EMBARGOED TO 5AM Tuesday 19 June 2018**

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Up in smoke: Tobacco costs Vic economy \$3.7 billion each year

New figures show Victorian businesses bear 43% of the tangible social costs of smoking

New research has found that smoking costs the Victorian economy approx. \$3.7b per year in tangible costs.

Quit Victoria Director Dr Sarah White said smoking puts a greater financial strain on businesses than most realise.

“When you add up the loss of productivity due to smoking breaks, absenteeism due to illness and loss of production due to a workforce diminished by tobacco-related deaths, Victorian economy is bearing a \$1.1 billion burden in workforce costs that is entirely preventable,” Dr White said.

The report estimated net workforce labour costs of:

- \$632m in smoking breaks
- \$355.1m in absenteeism
- \$149.2m net costs from reduced production due to diminished workforce.

In addition, Victorians currently spend more than \$1.3b per year buying cigarettes and other tobacco products. These products are manufactured by overseas companies with very little profit margin for local retailers. Once people quit, the money they once spent on such products is freed up to spend on other goods and services.

“Taking into account all four of these factors, Victorian businesses are bearing 43% of the total net tangible costs of smoking compared to government (14%) and households (44%),” Dr White said.

“It makes good economic sense for businesses to support their staff to stop smoking through initiatives such as smokefree policies, workplace smokefree programs, and health and wellbeing initiatives like the State Government’s Achievement Program.

“We always talk about the health impact of smoking, but the 4427 Victorian deaths and the thousands of Victorians living with smoking-related illness, also has an impact on our economy. Government investment in programs to discourage smoking is good for Victorian business. The fewer Victorians who die prematurely, the more years they have to contribute to our society and to buy the goods and services produced by Victorian companies,” Dr White said.

VicHealth CEO Jerril Rechter said the research demonstrated the importance of supporting workers to quit.

“Smoking hurts our health and this new research clearly shows the impact of smoking on the health of our economy,” Ms Rechter said.

“Workplaces can play a key role in supporting their employees to quit through initiatives such as counselling programs, promoting Quitline in their workplace and providing financial incentives for cessation products like nicotine patches and gum.”

Tony Hicks, General Manager at Loy Yang B in Latrobe Valley, where smokefree workplace policies are in place, said there were already positive outcomes.

“Through the Achievement Program, we have made creating a smokefree workplace a priority for Loy Yang B,” Mr Hicks said.



“That’s involved simple measures like including smokefree messages in employee newsletters, displaying Quit resources that encourage employees to quit, and making sure all functions are smokefree.

“We’re proud to be supporting our workers’ health and wellbeing, and we can now say our workforce smoking rate has reduced to around 2%.”

Dr White said with eight in ten smokers wanting to quit, a smokefree workplace can be a good first place for businesses to start.

“When workplaces introduce smokefree policies we often see staff quit smoking,” Dr White said.

“This increases productivity for the business and, most importantly, minimises the health impacts for smoking and non-smoking staff. It really is a no-brainer.”

The Achievement Program helps workplaces create healthy environments and promote healthy behaviours in a variety of priority areas including smoking.

Businesses can sign up to the Achievement Program for detailed information and support to become smokefree by visiting achievementprogram.health.vic.gov.au/workplaces

Quit Victoria is a partnership between VicHealth, the State Government of Victoria, Cancer Council Victoria and the Heart Foundation.