
SMOKE FREE ONTARIO ACT as of May 31, 2006: Fact Sheet – Costs of Tobacco Use and Tax Revenues

Ministry of Health Promotion

Le ministère de la Promotion de la santé

This fact sheet provides basic information only. It must not take the place of medical advice, diagnosis or treatment. Always talk to a health care professional about any concerns you have, and before you make any changes to your diet, lifestyle or treatment.

Costs of tobacco use in Ontario

Tobacco-related diseases cost the Ontario economy:

- at least \$1.7 billion in healthcare annually¹;
- result in more than \$2.6 billion in productivity losses²; and
- account for at least 500,000 hospital days each year.³

Ontario is being conservative in its estimates of the health care costs of tobacco use. According to a World Bank report¹, in developed countries, the overall annual cost of health care that may be attributed to smoking is estimated to be between 6 per cent and 15 per cent of total health care costs. For Ontario, this would mean that the estimate of health care costs attributable to smoking could be as high as \$5 billion.

Revenue from tobacco taxes in Ontario

- Tobacco taxes generated \$1.452 billion in the 2004/05 fiscal year and \$1.35 billion in the 2003/04 fiscal year.

References

¹ Jha, P. & Chaloupka, F.J. *Curbing the epidemic: Governments and the economics of tobacco control*. Washington, DC: The World Bank, 1999.

² Xie, X, Rehm, J., Single, E., Robson. *The Economic Costs of Alcohol, Tobacco and Illicit Drug Use in Ontario: 1992*, Toronto: Addiction Research Foundation, 1996.

³ *Investing in Tobacco Control: Good Health Policy, Good Fiscal Policy*. Toronto, ON: Ontario Medical Association, 2003.