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The Honorable Mr Andrew Cheng
Chair, Health Services Panel
mchiu@legco.gov.hk

Dear Mr Cheng,

The World Bank: The economics of smoke-free policies

Economists at The World Bank have examined the economic debit and credit of creating smoke-free workplaces, as is currently proposed in Hong Kong. Their conclusion: “Employers who keep their workplaces smoke-free enjoy net benefits.”

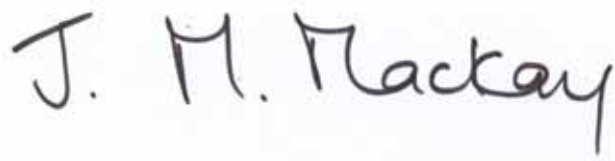
Smoking costs employers money: Employers bear direct and indirect costs as a result of employees’ smoking, including:

- _ More employee absenteeism
- _ Decreased productivity on-the-job
- _ Increased early retirement due to ill health
- _ Higher annual health-care costs for smokers and higher health insurance costs
- _ Higher life insurance premiums
- _ Higher maintenance and cleaning costs
- _ Higher risk of fire damage, explosions and other accidents related to smoking
- _ Higher fire insurance premiums.

The World Bank economists further state: “Fears in the hospitality industry (hotels, restaurants etc.) that smoking bans may damage business interests are largely unfounded. Studies of hotels, bars and restaurants in several U.S. states, Canada and Australia all show that smoking bans do not result in business drop-off.”

I attach the full World Bank summary,

Yours sincerely,

A handwritten signature in black ink on a light-colored background. The signature reads "J. M. Mackay" in a cursive, slightly slanted script.

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Smoke-free workplaces

at a glance

Why should workplaces be smoke-free?

Smoking harms health: Smoking harms the health of smokers and those around them. Smokers are at far higher risks of strokes, heart attacks and other cardio-vascular diseases; cancers of the lungs, mouth, larynx, bladder, pancreas, kidneys and stomach; emphysema, bronchitis, and tuberculosis. These diseases cause serious illness, disability and premature death. Tobacco causes 4 million deaths worldwide each year, and the numbers are rising fast.

Tobacco smoke also harms non-smokers exposed to so-called second-hand smoke or environmental tobacco smoke (ETS). In addition to smell and irritation to eyes, ETS exposure increases the risk of lung cancer and cardio-vascular and respiratory diseases. In the USA alone, each year ETS kills an estimated 35,000 to 65,000 adult non-smokers from heart disease and 3,000 non-smokers from lung cancer (California Environmental Protection Agency, 1997 and U.S. Environmental Protection Agency, 1993). This is a small fraction of global deaths from ETS.

ETS exposure is common in workplaces. In 1996, an estimated 130 million adult non-smokers in China were exposed to workplace ETS. In the UK in 1999, more than 3 million non-smokers were continuously or frequently exposed to tobacco smoke at work. In France, where there are laws restricting smoking in public spaces, 40% of employees are still exposed to ETS. ETS can interact with chemicals and radiation in workplaces to produce an additive or multiplicative effect and increase significantly the risk of many occupational diseases. In some countries, employers have a legal responsibility to protect the health of their employees. Smoke-free workplaces can reduce employers' legal liability, create safer working environments, improve workers' health and enhance corporate image.

Employers who keep their workplaces smoke-free and help employees to quit enjoy net benefits

Smoking costs employers money: Employers bear direct and indirect costs as a result of employees' smoking, including:

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These costs add up to significant amounts. A 1996 study of Scottish workplaces estimated the total related costs of employee smoking in Scotland at around three quarters of a billion US\$ per year (smoking related absence: \$60 million; productivity losses: \$675 million; losses from fire: \$6 million (Parrot *et al.*, 1996). A 1995 Canadian study estimated the **cost to employers at \$3,022 per smoker per year** (in 2002 US\$; adjusted for inflation from the original estimate of \$2,565 in 1995 US\$. Conference Board of Canada). Cost data from developing countries are lacking.

The adverse effects of ETS exposure on health and productivity of non-smoking employees add to employers' smoking-related costs.

The benefits from making workplaces smoke-free are far larger than the costs. Cessation programs are relatively low-cost and yield financial returns over the long run that far outweigh their costs. A theoretical model for the US estimates potential long term net benefits of a smoking cessation program at around \$4.5 million for large employers (Warner *et al.*, 1996).

Fears in the hospitality industry (hotels, restaurants etc.) that smoking bans may damage business interests are largely unfounded. Studies of hotels, bars and restaurants in several U.S. states, Canada and Australia all show that smoking bans do not result in business drop-off.

What can employers do about workplace smoking?

Employers can protect the health of their employees and reduce smoking-related costs by making workplaces smoke-free, and implementing programs to encourage and help smokers to quit. Smoke-free workplaces reduce ETS exposure for all workers, reduce employees' daily tobacco consumption, increase quit rates, and reduce cleaning costs and fire risk. Smoke free policies are easy to implement. Compliance is usually high, especially if employees (smokers and non-smokers) have helped develop the policy and are well-informed about its rationale. Smokers are usually the minority. Surveys show that many smokers and almost all non-smokers support clean air policies.

The goal should be a completely smoke-free workplace. **There is no safe level of exposure to ETS. Ventilation cannot “clear the air” and protect workers from exposure.** Enclosed smoking rooms may be used as a transitional arrangement, but should be phased out as quickly as feasible. Furthermore, provision of well-ventilated smoking rooms can be costly.

On-site smoking cessation programs make it easier to implement smoke-free workplaces and increase the benefits for employees and employers. Worksite cessation programs are effective in reducing smoking prevalence among employees. A meta-analysis of 20 studies of worksite smoking cessation programs found an average

quit rate after 12 months of 13%, much higher than the national average among all smokers of 2.5% (US, 1990 data). Quit rates were even higher for heavy smokers. Cessation programs are relatively low-cost and are highly cost-effective (Novotny *et al.*, 2000).

As people become better informed about the harm that tobacco products cause to smokers and those who live and work with them, smoke-free environments are becoming the norm. Most airlines, many workplaces and other enclosed public places are now smoke-free. There is a global trend towards safer, cleaner indoor environments.

Goals: Protect workers from harmful effects of second-hand smoke; encourage smokers to quit, to gain health benefits for employees and economic benefits for employers.

Main Activities	Beneficiaries/ Target Groups	Indicators
Make workplaces smoke-free, protect employees from second-hand smoke exposure		
<ul style="list-style-type: none"> establish a written policy with active participation of employees and managers communicate the policy and its rationale clearly and sanctions for non-compliance implement the policy according to agreed timetable monitor, enforce and adjust the policy if necessary decide whether the policy should apply to customers, visitors and clients (preferably yes) 	<p>all employees (including managers)</p> <p>customers, visitors and clients</p>	<ul style="list-style-type: none"> ✓ written policy exists that clearly states rationale, time frame, and where – if at all – smoking is permitted in work place ✓ % of employees exposed to ETS at work
Help employees to quit smoking, reduce risks of disease and premature death caused by smoking		
<ul style="list-style-type: none"> for workers who want to quit, ensure access to trained counsellors, cessation support and pharmacological treatments, including nicotine replacement therapy provide information to all workers on benefits of quitting and how to support colleagues 	<p>employees who smoke</p>	<ul style="list-style-type: none"> ✓ % of smokers who attempt to quit each year ✓ % of quitters still not smoking 12 months after quitting ✓ % of employees who smoke (and decreases in this prevalence)

How to make a workplace smoke-free

- **Establish a workplace committee.** The committee should include representatives from all parts of the organization. Senior management support and commitment are crucial for the success of the policy.
- **Involve employees and workers' organizations.** Involving employees fully is essential to ensure their cooperation in implementing the policy and to incorporate their suggestions in the program. It is important to know the attitudes of employees and management towards smoking in the workplace before embarking on a smoke-free initiative. Use questionnaires, meetings and focus groups to gather the necessary information. Include representatives from across the organization. Listen to smokers and non-smokers and make sure that employee groups who have high rates of smoking are fully engaged.
- **Formulate a written policy.** The committee should formulate a policy that clearly states objectives and how to achieve them. If possible, integrate the policy with other programs and procedures related to health and safety in the workplace. The policy should include:
 - purpose of the policy (to avoid the harmful effects of smoking and ETS on health)
 - a link between the smoke-free policy and corporate values (e.g. performance or employees as an asset)
 - time frame for implementation
 - a clear statement of whether smoking is permitted on the premises and if so where
 - number and duration of acceptable smoking breaks (breaks should not exceed those for non-smokers)
 - details of support available for smokers, such as counselling and cessation support
 - disciplinary actions or consequences of non-compliance
 - names of contact persons who can answer questions related to the policy.
- **Communicate the policy to employees.** Inform employees from the outset and well before implementation. Focus on smoke, not the smoker, and on health and safety, not on individual rights. Emphasizing benefits of a clean air policy for both smokers and non-smokers is less confrontational and probably more acceptable than emphasizing individual rights of non-smokers. Use available communication tools to reach out to all employees, especially supervisors who will need to implement the policy, and smokers, who will need to adapt to the changes.
- **Provide information and support to smokers.** Provide employees with information about the risks of smoking and benefits of quitting. Use the organization's newsletter, posters, flyers, email and the intranet to deliver the information. Offer practical advice on how to quit. Provide support to smokers willing to quit, which can include time off work to attend counselling and cessation groups, and access to pharmacological cessation products such as nicotine replacement therapy or bupropion. Quitting is very difficult because nicotine is highly addictive; these products increase the success rate of quit attempts. Most smokers make 4–11 quit attempts before finally succeeding.
- **Determine disciplinary measures.** Develop a written disciplinary process and communicate it clearly to all employees. Monitor to ensure proper enforcement by managers.
- **Follow a time table for implementation.** The time table should have clear stages. After the policy is announced, a transition period is required before implementation starts to give employees time to adapt to the new environment. The time frame should not be too long, lest momentum is lost. Development and implementation should generally take 4–12 months.
- **Provide training.** Train middle managers and supervisors to communicate and enforce the policy. Provide training to workers' representatives and peer educators on how to stop smoking and how to provide support for colleagues. Train health and safety professionals to provide advice to smokers or refer workers to available cessation services in-house or to services outside the workplace.
- **Evaluate and monitor implementation.** Periodically assess whether the policy is achieving its objectives. Solicit staff views and review any problem areas, and decide whether the policy needs updating. Review is recommended every 12–18 months.

Resources

INSTITUTIONS

- Safework Program of the International Labor Organization www.ilo.org/safework
Carin Håkansta hakansta@ilo.org
- Office on Smoking and Health of the US Centers for Disease Control and Prevention
<http://www.cdc.gov/tobacco/index.htm>

DOCUMENTS AND DATA

General Information for Employers:

- "Why Smoking in the Workplace Matters: An Employer's Guide", WHO, Regional Office for Europe, 2002. A publication of the WHO European Partnership Project to Reduce Tobacco Dependence. Online at: <http://www.euro.who.int/document/e74820.pdf>, or hard copy from Tobacco Free Initiative, WHO Regional Office for Europe. Explains the rationale for developing an organizational tobacco control policy from an employer's perspective. Concise, readable and clear.
- "Workplace smoking: trends, issues and strategies", Health Canada, 1996. Available online at: http://www.hc-sc.gc.ca/hppb/cessation/air/workplace_smoking/index.html or from the Publications Unit, Health Canada. Telephone: (613) 954-5995 Fax: (613) 941-5366. Comprehensive overview – trends, issues, impact of restrictions, economics, compliance, public support.

Economic Analysis:

- "Smoking and the bottom line: costs of smoking in the workplace". The Canadian Conference Board. Toronto, 1997. Available online at: <http://www.hc-sc.gc.ca/hppb/cessation/air/bottomline/report.html> or from the Publications Unit, Health Canada. Telephone: (613) 954-5995 Fax: (613) 941-5366. Short study that calculates costs to employers of employee smoking (productivity, absenteeism, insurance premiums and smoking areas).
- The Economics of Health, Safety and Well-being; *Barefoot Economics: "Assessing the economic value of developing a healthy work environment"*, Finnish Ministry of Social Affairs and Health and ILO- Safe Work programme. <http://www.ilo.org/public/english/protection/safework/econo/barefoot.pdf> A simple guide on how to estimate costs and benefits of measures to improve workplace safety. A practical tool for use by small businesses, and other decision makers.
- KE Warner, RJ Smith, DG Smith, BE Fries, "Health and Economic Implications of a Work-Site Smoking-cessation Program: A Simulation Analysis," J. of Occupational & Environmental Med. 1996;38: 981-992. A comprehensive simulation analysis of a workplace smoking cessation program that includes benefits to society as well as to employers. A helpful

guide for employers considering potential costs and benefits of smoking cessation programs.

Evidence:

- J Repace, I Kawachi, S Glantz, "Fact Sheet On Secondhand Smoke", UICC, 1999. <http://www.tobaccopedia.org/cgi-bin/search/seek.cgi?ID=963401235> Comprehensive review and summary of evidence on health hazards caused by Environmental Tobacco Smoke. Explains clearly why ventilation and air cleaning cannot reduce second-hand smoke to acceptable levels. Also summarizes studies on impact of clean air policies on revenues of hotels, restaurants and bars.

Practical Guides:

- "Tobacco in the Workplace: Meeting the Challenges. A Handbook for Employers", WHO, Regional Office for Europe, 2002. A publication of the WHO European Partnership Project to Reduce Tobacco Dependence. Online at: <http://www.euro.who.int/document/e74819.pdf>, or hard copy from Tobacco Free Initiative, WHO Regional Office for Europe. A step-by-step guide on how to adopt a strong and cost-effective response to the problem of smoking in the workplace.
- "Making Your Workplace Smokefree: A Decision Maker's Guide", US Department of Health and Human Services, 2000. Available online at: http://www.cdc.gov/tobacco/research_data/environmental/etsguide.htm Details on the costs, consequences, benefits of a smoke free workplace policy. The guide provides step-by-step directions on how to develop and implement smoke free policies.
- "Guidebook on Tobacco Reduction in the Workplace: an Alberta Perspective", Alberta Tobacco Reduction Alliance, 1999. Available online at: <http://www.smoke-free.ca/WNTD2001-cdcontents/wntd2001-letscleartheair/Resources/Alberta/ATRAguidebook.pdf> A step-by-step guide to help companies plan and implement a smoking-reduction program.
- J. Mackay *et al.*, "A Guide to Creating a Smoke-free Workplace". Provides practical and specific help, including an example of an employee survey and smoke-free policy, detailed information on costs and benefits. Available online, hot linked to this fact sheet at www.worldbank.org/hnp, at a glance series (by kind permission of J. Mackay).

Online versions of the "at a glance" series, with e-linkages to resources and more information, are available on the World Bank Health, Nutrition and Population web site: www.worldbank.org/hnp