

Cutting costs, reducing harm:

The economic benefits of
vaping

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Executive Summary

Encouraging smokers to switch to vaping will generate clear public health benefits. This is an obvious benefit of encouraging smokers to switch. A benefit which is less obvious, and therefore less discussed, is that encouraging smokers to switch to vaping would also contribute towards poverty reduction. This is because vaping is considerably cheaper than smoking and poorer people are much more likely to be smokers than the general population.

The promotion of vaping to replace smoking can

therefore generate substantial improvements in the financial health of lower income families without requiring substantial financial investment from the State.

On this basis we argue that supporting the transition of smokers to vaping would, setting aside all potential health benefits, constitute a targeted poverty alleviation measure of substantial impact.

Our research indicates that when an average smoker becomes an average vaper, they generate annual savings of €3,416. This is

roughly equivalent to four months' worth of benefits such as jobseeker's allowance or the one-parent family payment.

As such supporting the transition of smokers to vaping would, in and of itself, notably reduce the number of families living at risk of poverty within Ireland by effectively supplementing any single existing poverty alleviation measure by 30-32%.

Recommendations

Ensure that smokers, particularly low-income smokers, can easily access information about the differences between vaping and smoking including the harm caused by each and their relative costs:

Most smokers are unaware of the benefits of vaping to their physical health and to their finances. Ensuring that smokers are fully informed about these differences will enable them to make the best choices possible for themselves and their families.

Avoid killing off vaping, a major contributor to tobacco harm reduction, with excise taxes:

Introducing excise tax will discourage smokers from switching to vaping by reducing the savings switching to vaping provides.

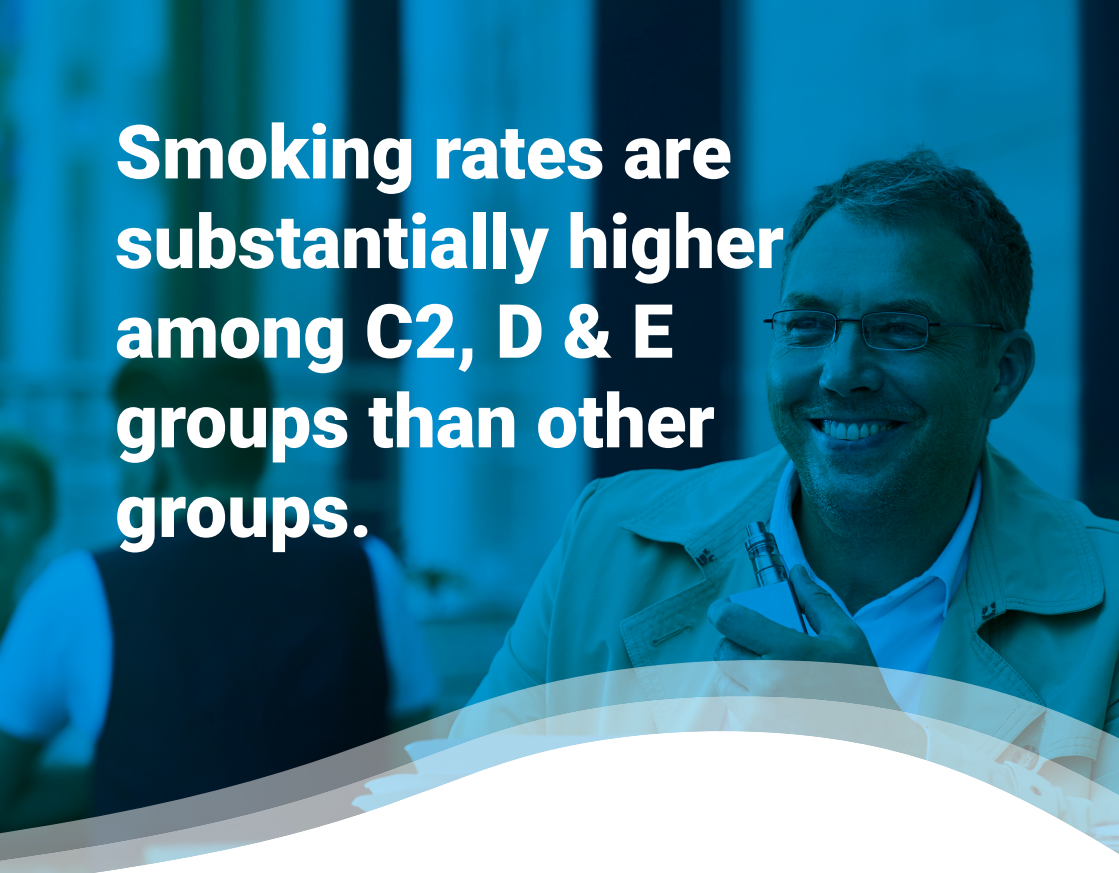
It will reduce the savings seen in this report, thereby directly undermining the potential to utilise vaping as a poverty alleviation measure and making tobacco a relatively more attractive option for smokers.

International research shows that increases in excise taxes on vaping will drive those wishing to continue to vape to switch to online purchases of unregulated products.¹

Actively promote vaping as an alternative to smoking, particularly amongst low-income groups:

Government must empower individuals to remove themselves, and potentially their households, from poverty and deprivation.

¹European Tobacco Harm Reduction Advocates, (2021), "The EU Nicotine Users Survey," available online at: <https://ethra.co/eu-survey>.



Smoking rates are substantially higher among C2, D & E groups than other groups.

Whilst smoking is commonly considered primarily to be a public health concern, and for good reason, an often-unconsidered aspect of this issue is that the purchase of tobacco products consumes a considerable percentage of the disposable income

“The highest smoking rates are found amongst members of the C2, D & E socioeconomic groups.”

of smokers. This is of particular note in relation to poverty alleviation for two reasons:

1. Smoking rates are substantially higher amongst the C2, D & E

groups than amongst A, B & C1 groups.

2. Secondly, and somewhat obviously, those in lower socio-economic groups, in general, possess less

disposable income than those in higher groups. The HSE has itself stated that tobacco use “perpetuates poverty” and “reduces social mobility.”²

Smoking demographics

HSE research indicates that 18.9% of those in the C2 socio-economic group smoke, with 20.5% of those in the D & E group smoking. That declines to an 8.8% smoking rate when you look at the A & B groups, although farmers have the

lowest rate of smoking overall, with only 7.1% smoking.³

The 2019 Healthy Ireland Survey showed that the prevalence of smoking within “affluent” areas is 14%, of which 9%

smoke daily, but that the prevalence of smoking within “deprived” areas is 24%, of which 21% smoke daily.

Similarly, the report notes that smoking rates are higher amongst the

²HSE (2018), “The State of Tobacco Control in Ireland.”

³HSE (2021) “Smoking Prevalence Tracker 2020 info-graph.”

unemployed (40%) and those with no third level education (20%), than they are for those in employment (18%) and those with a third level qualification (11%).⁴

Similarly, we know that those suffering from mental health disorders, and the homeless, particularly rough sleepers, are significantly more likely to smoke.⁵

According to a 2011 study in the Irish Journal of Psychological Medicine there *“are no exact figures for prevalence rates of*

smoking in individuals with mental illness in Ireland”, however, *“international studies unequivocally state that the prevalence of smoking is significantly higher in those with mental illness.”* The study also notes that those suffering from mental illness *“experience greater withdrawal symptoms and have lower cessation rates.”*⁶

Studies of the Irish homeless population have shown *“almost universal”* levels of smoking, with 90.7% of the homeless population being smokers

in 2015. 64.7% of those were smoking at least 11 cigarettes a day, with 7.6% smoking more than 30 cigarettes a day.⁷

These statistics and studies combine to clearly show us that smoking is very much a class issue, and one which disproportionately impacts lower income and vulnerable groups.

“The prevalence of smoking is significantly higher in those with mental illness”

⁴Department of Health (2019), *“Healthy Ireland Survey.”*

⁵Partnership for Health Equity (2015), *“Homelessness: An Unhealthy State: health status, risk behaviours and service utilisation among homeless people in two Irish cities.”*

⁶Feeney, S. & Hallahan, B. (2014), *“Tobacco smoking and mental illness: important considerations.”*

⁷Partnership for Health Equity (2015), *“Homelessness: An Unhealthy State: health status, risk behaviours and service utilisation among homeless people in two Irish cities.”*

Disposable income and poverty

In 2019 the CSO's Survey on Income and Living Conditions (SILC) showed that 12.8% of individuals in Ireland were classed as living below the nominal at risk of poverty threshold - €14,387 of nominal equivalised disposable income.⁸

There is a strong argument, represented in the international literature, that consumption of tobacco products should be taken into account when determining the actual level of disposable income available to individuals, and that those consuming tobacco products should be considered to be at risk of poverty at levels of disposable income above

those seen in the general public.

This argument is based on two factors, firstly that tobacco is a highly addictive product which limits the ability of individuals to control their spending on tobacco products, and, secondly, the numbers of smokers who say they are actively trying to stop smoking. These two factors, taken together, differentiate smoking from alcohol and other goods which, whilst perhaps psychologically or physiologically addictive in their own right, are either less addictive than tobacco or are considered to have beneficial psychosocial qualities which validate, or

at least differentiate, their usage.

This argument would see the risk of poverty threshold, for the average smoker, increase from €14,387 to €17,971 – a 25% increase. That figure is based upon the fact that the average smoker in Ireland smokes roughly 14 cigarettes a day,⁹ which, at an average price of €14 for a pack of 20 cigarettes, means that the average smoker will spend roughly €3,584 on cigarettes a year.

Even those who smoke only 10 cigarettes a day, which is the rate seen in the UK,¹⁰ would see their risk of poverty threshold increase

⁸CSO (2019), "Survey on Income and Living Conditions 2019."

⁹Malone, P. & O'Connell, P. (2018), "Trends in Smoking Prevalence and Tobacco Consumption."

¹⁰NHS (2019), "Average number of cigarettes smoked per day."

Cigarettes consumed each day	Packets (20) of cigarettes smoked over a year	Cost per year	Adjusted risk of poverty threshold
10	183	€2,562	€16,949
14	256	€3,584	€17,971
20	365	€5,110	€19,497

to €16,949, roughly an 18% increase. A heavier smoker, in this instance an individual with a pack a day habit, would see their risk of poverty threshold increase to €19,497 – a 35% increase.

Whilst it is, of course, unlikely that this measure will be implemented, given potential difficulties in data collection and analysis, it is worth noting this argument in order to demonstrate the extent to

which smoking can impact upon the susceptibility of an individual, or household, to poverty.

A pack a day smoker has increased their risk of poverty threshold by just over 35% merely by consuming tobacco products. As such smokers are, at any income level, substantially more likely to suffer from poverty or deprivation than their non-smoking peers at that income level.

This argument was utilised in 2019 by ASH UK. They found that poverty rates across smoking households increased by between 22.3% and 31.3% when the cost of tobacco related products were taken into account, and that 447,000 households, consisting of 1,011,000 people – including 263,000 children – lived in poverty as a direct result of *“income lost to tobacco.”*¹¹

¹¹ASH UK (2019), *“Smoking and Poverty.”*

The impact of vaping

A situation in which the average smoker moves to become the average vaper represents a substantial improvement in the level of their disposable income, reducing their risk of poverty and deprivation by a considerable amount. A survey of vapers carried out by Vaping Business Ireland (VBI), in 2019, showed that the average vaper spent €14 a month, or €168 a year, on vaping related products.¹¹ That

average spend is up from €11 per month in 2017, and €13 per month in 2018.¹² Given that the average smoker spends €3,584 a year on tobacco related products – switching to vaping would cause the average smoker to increase their level of disposable income by €3,416 in the year after they switch, bringing their risk of poverty threshold nearly into alignment with that of a non-smoker.

That is an extreme saving and of particular importance given that, as discussed above, smoking is correlated with social class and those who are most likely to smoke, and smoke the most, are those with the least disposable income to begin with.

The cost savings are so substantial that they hold even at the extremes – someone smoking a single cigarette a day, who

¹²Vaping Business Ireland (2019), "Vaping Tracker 2019."

¹³Vaping Business Ireland (2018), "Vaping Tracker 2018."

Cigarettes consumed each day	10		14		20	
	Cost	Average Vaper Savings	Cost	Average Vaper Savings	Cost	Average Vaper Savings
Monthly (€)	213	199	299	285	426	412
Yearly (€)	2,562	2,394	3584	3,416	5,110	4,942

became the average vaper, would save nearly €100 a year.

Industry surveys indicate that 30% of vapers spend less than €5 a month on vaping products, with another 47% of vapers spending less than €21 a month on vaping products.¹⁴

Overall, 94% of Irish vapers spend less than €31 a month on vaping products, and 77% say they spend less than €21 a month on

vaping products.¹⁵ That means 77% of vapers spend less, in an average month, on vaping products than a smoker who smokes a single cigarette a day would spend on cigarettes over any given month.

1% of vapers spend €50 or more on vaping products in any given month, but the nature of vaping as a consumer product means that there are options available at varying price points, and so it may not be the case that this 1%

are consuming notably higher amounts of vaping products, but rather that they have decided to purchase premium vaping products.

Even at this spending level a smoker who consumed 10 cigarettes a day, notably less than the average, would save over €1,900 a year if they switched from this level of smoking to spending €50 a month purchasing vaping products.

^{14,15}Vaping Business Ireland (2019), "Vaping Tracker 2019."

Testimonials

Jackie Callaghan (55) from Clondalkin is married with four grown up children. She is a childcare manager with a Bachelor of Arts (Honours) Degree in Early Childhood Education and Care.

"I started smoking when I was in school. As I grew up, I was smoking 20 a day and much more when I went out at the weekend. It was costing me up to €150 a week."


"Six years ago, I thought I was having a heart attack from cigarettes. I went to the doctor and thankfully it was only a chest infection. However, he told me I had to quit smoking," she explained.

A friend suggested she try vaping, as it had helped

her give up smoking. And it worked.

"Sometime later I had to go back to the doctor for a check-up. When he asked

if I had quit smoking, I told him that I was now vaping. He said: 'I'm not worried about you vaping, once you are off the cigarettes.'" Jackie had already quit



"I am still off the cigarettes and I don't have to vape as much as I smoked. I am much better now. I don't have the regular chest infections every winter like before."

tobacco, back when the smoking ban was introduced. She saved up the money she was spending on cigarettes to go on holidays to Spain.

"However, when I was in Spain, I got a load of duty free and went back on smoking. I tried the patches and the doctor also gave me tablets to help me quit again. But they just did not work. They did not take away the cravings. "

"Vaping works for me. I started on 20 mg strength and I have reduced this gradually since then. I am still off the cigarettes and I don't have to vape as much as I smoked. I am much better now. I don't have the regular chest infections every winter like before."

As a mother of four, she regards the suggestion that vaping attracts kids to smoking as ridiculous. She says that kids would not go

around with a vape to look cool. Vaping gets you off cigarettes.

"I went to college in 2016 to study for my degree. I left school early and it was stressful going back to study. If that stress failed to get me back on cigarettes, then nothing will in the future," she said.

Ruth Phoenix (33) from Dublin says that her health and increasing costs of feeding her smoking habit, forced her to give up cigarettes.

"I was buying 20 cigarettes a day and I could not afford €100 a week to buy them. I also suffered with breathing, having smoked



for over 15 years. The doctor kept telling me to quit smoking. But I did not have the willpower."

"I had to quit. But it was very difficult. I tried the patches and the gums, but they did not work. Six years ago, a vape shop opened in the area and I decided to give it a go. Vaping worked for me because the vape was just like holding a cigarette," she said.

Ruth, who is a healthcare assistant and carer, started with vapes that had 18 mg of nicotine and she is now using only 6 mgs strength and has not had a cigarette since.

"Vaping worked for me because the vape was just like holding a cigarette"

Responding to media coverage about the Government putting extra tax on vaping, Ruth said that it would be ridiculous to do that.

"People use vapes to give up smoking and save money. I am now spending €16 a week instead of €100 on cigarettes. That makes a big difference to me in paying the bills."

For Ruth and her eight year old son, vaping has given them a new lease of life. She now enjoys better health and wealth having quit tobacco.

Ruth and her son are healthier and wealthier quitting tobacco

Comparison to existing poverty alleviation measures



The potential impact which switching to vaping could have on an individual's safety from poverty and deprivation is perhaps best seen by looking at the financial impact of various state poverty alleviation measures which are, of course, primarily paid to individuals and households which are at risk of poverty or deprivation.

“The €3,416 saving for smokers who move to vaping is roughly equivalent to the value of an additional four months of social welfare payments”

There are a great number of such measures that have been put in place by the Irish State, including:

jobseeker's allowance; disability benefit; the one-parent family payment; carer's allowance; and

child benefit.

Assuming an individual receives the maximum payment possible carer's

allowance, for a person under 66 and caring for one person, is worth €219 a week, whilst jobseeker's allowance, disability benefit, and the single-family payment are all worth €203 a week.¹⁶

The exact numbers paid are heavily dependent on individual circumstances, barring child benefit which is set at €140 per month per child, and there may be additional supplementary payments made if an individual has dependents or other criteria are met.

Looking at the annual value of each measure individually, and assuming no variance over a year or supplementary payments, we can see that the cash value of these measures, barring child benefit, varies

between €10,452 and €11,388 per annum. We can thus consider the savings caused by switching to vaping, and the increase in disposable income that such a move would represent, lowering the individual's risk of poverty threshold, as a supplement to these social welfare and poverty alleviation payments.

The €3,416 saving for smokers who move to vaping is roughly equivalent to the value of an additional four months of social welfare payments to that individual.

In the case of a pack-a-day smoker the savings are even more stark. The savings they would gain if they moved to become the average vaper, €4,942,

would be equivalent to roughly the value of an additional 5.5 months of social welfare payments.

As such, encouraging low-income smokers to move to vaping would see low-income smokers substantially better off, financially, which moves them further away from the risk of poverty and effectively supplements existing poverty alleviation measures by 30-32% for the average smoker.

It is clear that supporting the transition of smokers to vaping should be expected to generate statistically significant improvements in the quality of life experienced by low-income and vulnerable socio-economic demographics.

¹⁶Department of Social Protection (2021), "Social Welfare Rates of Payment."

Value of Poverty Alleviation Measures	Weekly (€)	Monthly (€)	Yearly (€)	Vaping Saving as %
Jobseeker's Allowance	203	879.67	10,556	32%
Illness Benefit	203	879.67	10,556	32%
Disability Allowance	203	879.67	10,556	32%
One-Parent Family Payment	203	879.67	10,556	32%
Carer's Allowance (Under 66, care for 1)	219	949	11,388	30%
Supplementary Welfare Allowance (SWA)	201	871	10,452	32%
Child Benefit (Per Child)	-	140	1,680	202%





reSpectvapers