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SOCIAL COSTS OF DRUG ABUSE IN HONG KONG, 1998

Report submitted to
Action Committee Against Narcotics
Hong Kong

by

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EXECUTIVE SUMMARY

1. This study estimated the social costs and private costs of drug abuse in Hong Kong in 1998. In this study, drug abuse refers to the abuse of *illicit drugs*. The costs due to the abuse of alcohol, tobacco, prescription drugs and over-the-counter drugs were not included because of limitations of time and resources.
2. The study followed recently established international guidelines for cost estimation, and modified them for the Hong Kong context. Costs were conceptualized into private and social costs, tangible and intangible costs, and direct and indirect costs. A scheme for cost measurements in Hong Kong was developed.
3. Data collection was divided into three parts, namely, interview with organizations, collection of information from hospitals, and the conduct of a survey of 322 active or rehabilitating drug abusers as well as a focus group session of 18 parents of young drug abusers.
4. The total cost of drug abuse in 1998 was estimated to be \$4,226 million. Private costs constituted 30% of the total cost, whereas 70% were social costs.
5. Out of the total cost, the largest percentage of cost was the cost of drugs (30%, or \$1,273 million), which was a private cost. The second largest cost was crime/criminal justice (25% of total cost), which was a social cost including criminal justice system expenditure (475 million) and cost of theft & other property offenses (\$595 million). Workplace costs constituted 19% of the total cost (\$800 million), of which \$46 million was the private cost of loss of income, and \$754 million was the social cost of loss of productivity. The percentage of

costs of treatment & rehabilitation among the total cost was 14% (\$577 million), most of which was public expenditure. The smallest costs were the social cost of welfare (8%, or \$343 million), social cost of health care (2.5%, or \$107 million), and the private cost of property destruction (0.2%, or \$6 million).

6. Regarding government expenditure (\$1,361 million), the largest amount was spent on the criminal justice system (35%). Treatment & rehabilitation cost (29%) ranked second, and welfare cost (25%) was third. The expenditure on health care and that on prevention, education & research were small (7.8% and 2.9%, respectively).
7. The majority of NGOs expenditure (\$171.5 million) was on treatment & rehabilitation (94%). The rest of the expenditure was on prevention, education & research (6%).
8. The cost per capita in 1998 was \$632 for total (private and social) cost. If only social costs are considered, the social cost per capita was \$431.
9. The total cost of drug abuse in 1998 was equivalent to 0.3% of the GDP of Hong Kong in the same year.
10. The proportion of public expenditure for drug abuse among the total public expenditure in 1998 was 0.8%.
11. The average public expenditure per drug abuser in 1998 was \$90,216.
12. When compared with a few countries, the cost per capita of Hong Kong seemed to be average. U.S.A. and Australia had a higher cost per capita than Hong Kong, whereas the cost per capita of Canada and that of Taiwan were lower than that of Hong Kong. Results of the comparison should be interpreted with

caution, as the cost estimation scheme and the year for estimation varied among these countries.

13. Based on the results of our cost estimation, we recommend that more expenditure should be spent on prevention, education & research work as a proactive and cost saving measure.
14. We also recommend that a mechanism should be developed for the annual collection of cost data from government department/units and NGOs concerned.