AlcoholAction Ireland

Alcohol: Ireland's cheapest and most widely available drug

Recommendations Budget 2024

August 2023

Alcohol Action Ireland (AAI) was established in 2003 and is the national independent advocate for reducing alcohol harm. We campaign for the burden of alcohol harm to be lifted from the individual, community and State, and have a strong track record in campaigning, advocacy, research and information provision. Our work involves providing information on alcohol-related issues, creating awareness of alcohol-related harm and offering policy solutions with the potential to reduce that harm, with a particular emphasis on the implementation of the Public Health (Alcohol) Act 2018. Our overarching goal is to achieve a reduction in consumption of alcohol and the consequent health and social harms which alcohol causes in society.

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AlcoholAction Ireland

In relation to Budget 2024, Alcohol Action Ireland (AAI) recommends that government:

- Develop a ‘polluter pays’ model for funding the costs incurred by the state in relation to alcohol harm. A ring-fenced social responsibility levy of 1% on sales in the On-trade, and 2% on Off-Trade would raise approximately €100 million in the first year of operation and should be revised annually in line with the level of harm to the state.
- Increase alcohol excise duties by at least 15% to restore them to their 2014 level and introduce inflation proofing by having an automatic uprating in line with the CPI index.
- Remove state funding and supports to the alcohol industry and instead invest in public health policy and research that will offset escalating and avoidable levels of ill health and inequality.
- Establish an Office for Alcohol Harm Reduction within the Department of Health to take the lead across government in developing the policy measures needed to address alcohol harm. Estimated cost €1.5 million annually.
- Address the enormous gap in the provision of treatment services compared with level of need must be addressed. Funding must be provided to the HSE to develop its own treatment services that are trauma-informed, holistic and widely available at the time of need. A target of increasing alcohol services by 20% each year for five years should be set. €20 million annual cost.
- Provide funding for Alcohol Care Teams within all major hospitals and linked to community services. Such Teams are a proven cost-effective approach to providing much-needed interventions for people with entrenched problem alcohol use. As a first step, provide €350,000 annually to Beaumont Hospital to develop a pilot programme.

- Allocate funding to HSE and Tusla to give the national Hidden Harm framework -that recognises the adverse childhood experience of growing up with parental problem substance use- momentum and urgency. Current funding for services for children and families who are impacted by parental drug and alcohol use should be doubled for 5 years with a review of the services provided evaluated at the end of that time period.

- Echoing the call from Mental Health Reform, allocate an additional €115 million to mental health in Budget 2024, with a commitment to a long-term funding strategy that brings the mental health allocation to 10% of the overall health budget by 2030, as committed to in the Programme for Government.

Alcohol is no ordinary commodity. It is intoxicating, psychoactive, carcinogenic, mood-altering and dependence-producing. Alcohol causes multiple illnesses and deaths. In Ireland, at least 4 deaths per day result from alcohol use, nearly 1500 annually.

As well as the devastating impacts of alcohol on individuals and families, there are estimates of economic costs of alcohol use at €3.7 billion per year in Ireland, with around 11% of the healthcare budget being used for alcohol-related illnesses and injuries. For example, 1500 hospital beds are in use every day in relation to alcohol. There are further costs in terms of loss of productivity, and the OECD estimates Ireland's GDP is likely to be 1.9% lower, on average, between now and 2050. The OECD also noted that due to a lower GDP, and to maintain a constant public debt-to-GDP ratio, Ireland has to raise additional revenues equivalent to an increase in tax of €464 per person per year.

Multiple jurisdictions now calculate that alcohol causes more substance use related costs than either tobacco or all other drugs combined. See for example data from Canada. This is likely to be similar in Ireland yet the funding raised from alcohol duties does not remotely cover the costs of alcohol harm.

Given that alcohol places such a heavy burden on public finance and spending, it is vital that the government uses all of the policy measures at its disposal to reduce alcohol use and employs a 'polluter pays' approach to raise the funding necessary to ameliorate the harm caused by alcohol.

As the recently published Lancet series on the commercial determinants of health recommended, in the face of industry actors that cause harm to health and society, governments "*can and must act to improve, rather than continue to threaten, the wellbeing of future generations, development, and economic growth.*"

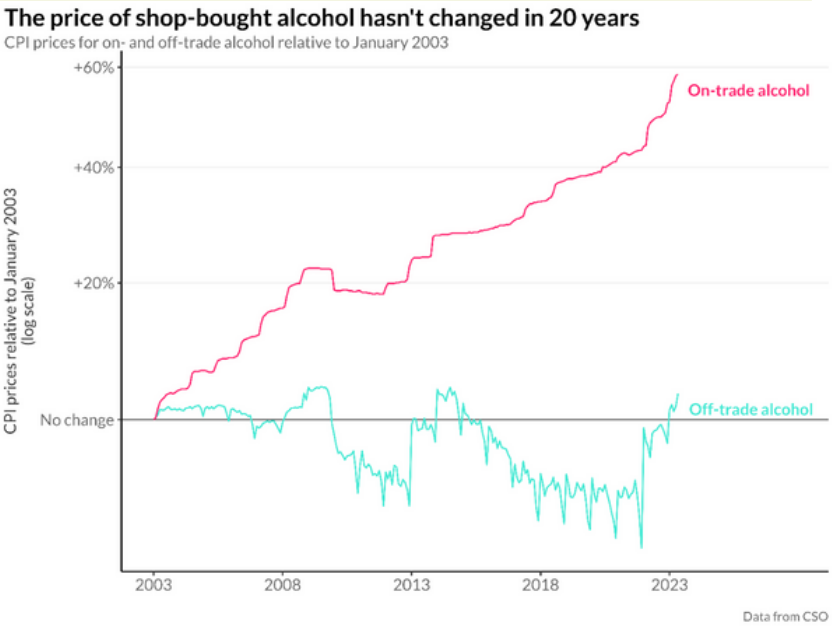
2.0 A public health approach to alcohol taxation

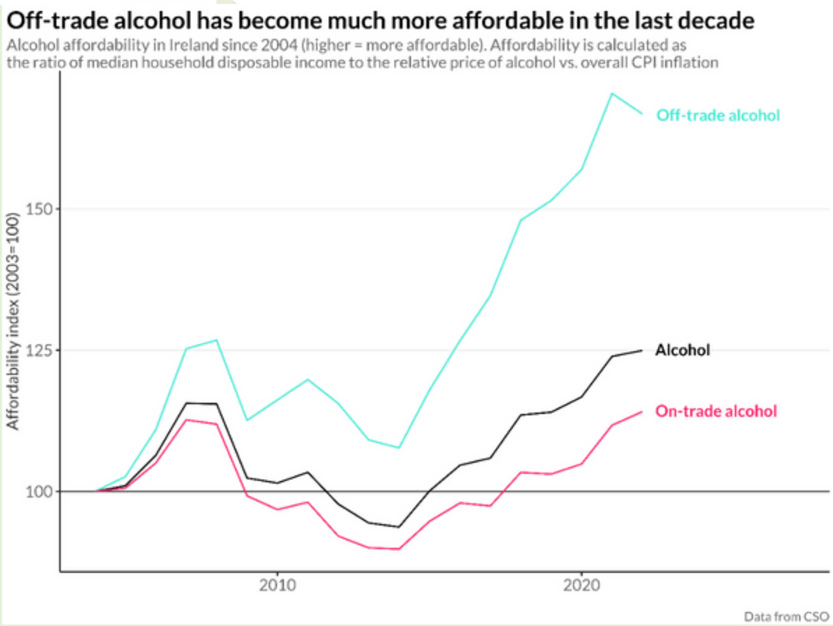
Value added tax (VAT) and alcohol excise duties are Ireland's principal mechanisms for raising funds from the sale of alcohol which contributes to the overall tax income for the state. However, such taxation also serves an important public health purpose given that affordability of alcohol is a key driver of alcohol use. In this context it is useful to examine successive government's approaches to another legally available and harmful drug – tobacco. Over the past decade tobacco duties have consistently risen each year in line with public health interests. The price of a pack of 20 cigarettes now stands at €16.00, with a tax content of €12.44 split between €9.45 of excise duty and €2.99 in VAT.
The positive impact of this government policy together with implementation of the Tobacco Free Ireland programme, is clear from the reduction in smoking across the population – currently 18% of the population smoke compared with 22% in 2012.

In contrast, however, there has been no change in alcohol excise duty rates in the past decade; the proportion of the price of alcohol due to taxation has decreased; alcohol is still very affordable and there has been slow progress in the implementation of the government's main policy approach to alcohol – the Public Health (Alcohol) Act 2018. A key government policy target is to reduce alcohol use to 9.1 litres per capita - a target originally set in 2013, to be achieved by 2020 and which has been missed over successive years. Ireland is now consuming at a level 12% above this target with a number of other concerning indicators such as high rates of heavy episodic drinking which carry particular risks to public health.

National and international expert groups have pointed to the powerful role that alcohol taxation can have in reducing the public health burden from alcohol. The World Health Organization highlights that alcohol taxes are an important tool for governments to reduce alcohol-related harm, but in order for them to be effective they need to keep pace with inflation. There are jurisdictions throughout the world who take this approach. For example, in Australia, alcohol taxes are revised twice annually in line with inflation. The OECD advise that price policies to limit the affordability of alcohol, particularly for cheap alcohol, would have the biggest impact on reducing the alcohol burden and the 2022 report from the Commission on Taxation and Welfare recommended that the link between the public health rationale and design of alcohol taxes should be strengthened.

Affordability of alcohol is a key driver for alcohol harm. Shop-bought alcohol today is around the same price that it was 20 years ago, with dire costs to public health and society.

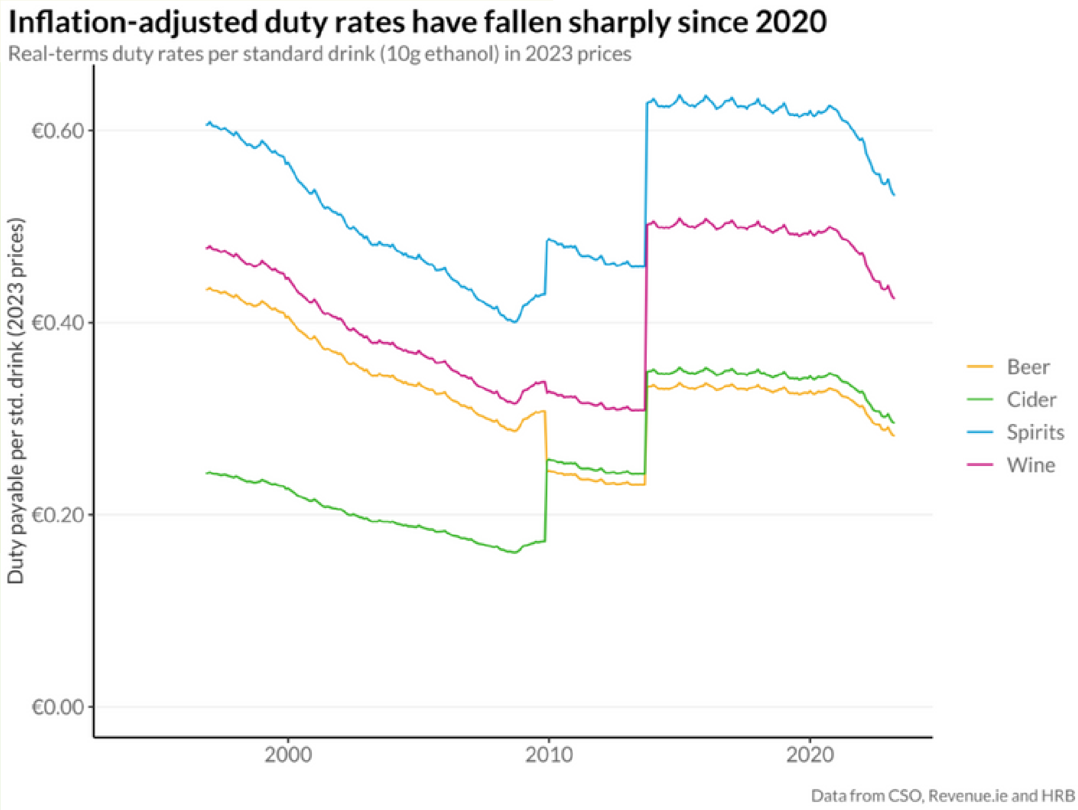




A recent report from the University of Sheffield found alcohol in shops and off-licences is almost 70% more affordable than two decades ago. While the picture is less extreme in the on-trade (pubs/restaurants/hotels) even here alcohol is 14% more affordable than in 2003.

The introduction of Minimum Unit Pricing (MUP) for alcohol in January 2022, a decade after it was first proposed, is very welcome. However, it is clear that it has only brought shop prices back to 2003 levels. MUP cannot be the only pricing policy measure which the government uses to reduce alcohol harm.

Alcohol duties currently raise about €1.2 bn annually compared with the cost of alcohol harm of €3.7 bn. In addition, rates haven't changed since 2014 and recent high levels of inflation mean they are now 15% lower in real terms. This makes alcohol Ireland's cheapest and most widely available drug.



The alcohol industry argues vociferously against any increase in alcohol duties and actually proposes decreases in them. They point to lower levels of duties in some countries in the EU. However, the OECD has found that Ireland's alcohol is the second most affordable within OECD members and has the highest level of alcohol affordability for young people aged 16-24 years.

It is also important to note that Europe is the highest drinking region in the world with considerable alcohol related harms some at even higher levels than those experienced in Ireland. Research has found that alcohol duty rates and structures within the EU are not currently well aligned with public health goals. This is acknowledged even in countries such as France which is now seeking to reduce harmful drinking patterns through increases in taxation.

Given all of this, it is more than time for the government in Ireland to put public interest above vested interest and increase alcohol excise duties.

2.2 Ring-fenced levy on alcohol industry

Beyond alcohol duties there is a need to consider other ways to ensure that the alcohol industry pays for the harm caused by its products, for example by a levy system. Such a levy has also been recommended by the Oireachtas Committee on Justice in its pre- legislative scrutiny of the Sale of Alcohol Bill. A similar Social Impact Fund is also proposed in relation to the gambling industry within the Gambling Regulation Bill 2022 for purposes of financing research and information, education and awareness raising measures, and appropriately supporting problem gambling treatment activities by relevant health professionals.

There are multiple ways in which such a levy could operate with examples from other countries available such as New Zealand in which their Health Promotion Agency sets the rate of the levy annually.

One approach is by placing direct levies on the sale of alcohol. Recognising the scale of purchase between the On-Trade (35%) and Off-Trade (65%), AAI proposes that placing a social responsibility levy of 1% on the On-trade, and 2% on the Off-Trade, should be examined. This could raise over €100m - €54.4m from the On Trade and €50m from the Off-Trade, using 2021 CSO data.

In addition, there should be an appropriate revised fee/levy placed on the applicant and holder of any alcohol license. Such a fee should not be seen merely as an administrative function but rather an acknowledgement of the cost of alcohol to the State.

Recommendations:

- AAI recommends that the government increase excise duty by at least 15% to bring this back to their 2014 level and going forward that alcohol excise duty should be automatically linked to the CPI index.
- Give consideration to developing a new 'polluter pays' alcohol levy system with funding raised to be ringfenced for alcohol harm reduction strategies.

A recently published study in the Lancet found that four industries (tobacco, unhealthy food, fossil fuel, and alcohol) are responsible for at least a third of global deaths per year. The paper carries a call to action for governments to invest in a world where human and planetary health is always prioritised over profit. In Ireland, addressing alcohol harm is currently spread across a number of government bodies. This spread of resources and the lack of a dedicated staffing complement within one office/unit, dilutes progress for a robust strategic response to reducing Ireland's alcohol harm burden, now and into the future. It also gives space for vested interests to exploit and to stymie a coherent response. The scale of the societal problem around alcohol is such that it now needs a dedicated resource to drive change.

Ireland's principal legislative response to alcohol harm is the Public Health (Alcohol) Act 2018 which includes measures such Minimum Unit Pricing and some modest restrictions on alcohol promotions and availability. However, there are continuing challenges in implementing the Act and even in the time since its passage there are multiple other developments around alcohol policy – eg proposals in the upcoming Sale of Alcohol Bill to increase alcohol availability through extended licensing hours and venues and a lack of controls on the online marketing and sale of alcohol.

This points to the need for ongoing alcohol policy research and development. It is imperative that a dedicated office for alcohol harm reduction with staff and a budget is established which would lead alcohol policy development across government. This is increasingly important given that public health is pitted against a global industry that "*misrepresents evidence about the adverse health effects of alcohol and has long sought to develop public–private partnerships to portray the industry as a benevolent partner alongside constructing arguments that irresponsible individuals are to blame.*"

Such an Office should be developed within the Department of Health and could take the lead on co-ordinating all aspects of alcohol harm in Ireland. For example, it could carry out research and have input into legislative and policy issues relating to the sale and licensing of alcohol and ensure that better data collection is implemented in order that policy changes can be more effectively monitored and evaluated.

As the Spending Review 2021 report assessing the national strategy for drugs and alcohol, Reducing Harm Supporting, Recovery, points out: “Limitations in the availability of data has constrained the conclusions that can be drawn on the progress made under each goal.” It further notes: “*Improved ability to evaluate public expenditure would ensure that the health and wellbeing of individuals, their families and communities are best served by public policies that address the harms associated with drug and alcohol misuse.*”

The budget for staffing and associated campaigning and outreach is estimated at approximately €1.5m annually. The office would be directly accountable to the Minister for Health and should have a strategic plan for up to five years.

3.1 State investment in alcohol

Despite the enormous harm from alcohol and the resulting impact on government finances, the State has made significant investments in alcohol production at national and international level.

The 2021 National Treasury Management Agency (NTMA) Portfolio of Investments: Ireland Strategic Investment Fund, highlights €30 million funding, and equity investment, in Irish Whiskey Distilleries and West Cork Distillers.
The 2021 National Treasury Management Agency (NTMA) Portfolio of Investments: Ireland Strategic Investment Fund, highlights €12.268m discretionary investments in quoted equities of alcohol companies across Europe, North America and Asia Pacific.

In a Parliamentary Question, March 2021, the Minister for Enterprise, Trade and Employment was asked to quantify the funding or investment by Enterprise Ireland and or Local Enterprise Offices to start-up microbreweries, alcohol enterprises and or distillery businesses in Ireland in 2018, 2019 and 2020. Enterprise Ireland had approved grant funding to start-up micro-breweries, alcohol enterprises and or distillery businesses of €3,459,992, while Local Enterprise Offices had approved grant funding to start-up micro-breweries, alcohol enterprises and or distillery businesses €1,056,128.

Over the period 2013-2021, the excise reliefs for microbreweries has provided €42,349,229 (2021: €6,595,625) in total repaid /remittance to up 90 businesses. The microbrewery relief is already set at the maximum permissible rate under EU rules and the current production threshold ensures that all microbreweries are included. Bord Bia made €249,627 (€65,000: 2019; €54,527: 2018) marketing assistance grant payments to 39 alcohol producers in 2020.

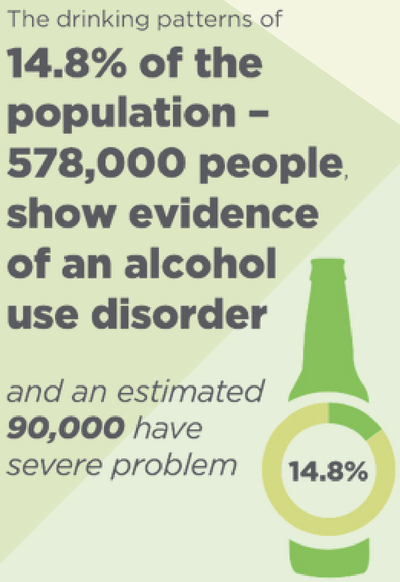
Other examples of inappropriate state support include funding of €50,000 for 'Pubs as Community Hubs' announced in 2022.
Such investment in a harmful industry vividly illustrates the lack of cohesion across government policy. There is a growing international recognition of the incongruity of such funding. For example, Norway's government pension fund has divested from alcohol and gambling.

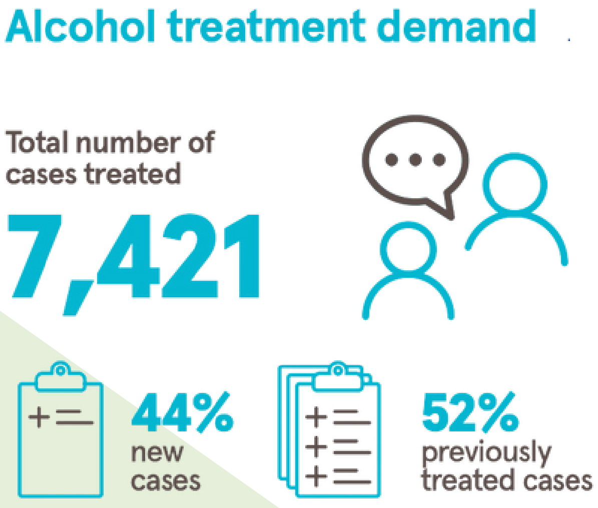
Recommendations:

- Establish an Office for Alcohol Harm Reduction within the Department of Health to take the lead across government in developing the policy measures needed to address alcohol harm. Estimated cost €1.5 million annually.
- Remove state funding and supports to the alcohol industry and instead invest in public health policy and research that will offset escalating and avoidable levels of ill health and inequality.

4.0 Supporting those affected by alcohol harm

According to data from the Health Research Board, 14.8% of the population in Ireland – 578,000 people, show evidence of an alcohol use disorder, and 90,000 of these would have a severe problem. However, alcohol treatment data for 2022 indicates there were only 7,421 cases treated for problem alcohol use. The proportion of new cases (never treated for problem alcohol use before) was 44.2%. This compares with 12,000 drug treatment cases (4455 new presentations) for illegal drugs. These figures indicate a huge gap in alcohol treatment service provision.





Figures for 2022 and graphic from the Health Research Board

In answer to a PQ asked in October 2021, HSE Addiction Services and HSE Section 39 funding in 2020 was € 106,768,174. Despite alcohol being Ireland's largest drug problem by far, there is no breakdown available for the level of funding for alcohol treatment. The reason cited for this is that services are provided across a range of substances and also include poly drug use. Recently the Department of Heath announced an additional €4 million in 2023 to expand community and residential addiction services. However, given the numbers actually accessing alcohol treatment compared with the scale of the prevalence of alcohol use disorders it is clear much more resources are required for a problem that causes so much harm not only to the individual, but to families and communities.

4.1 Treatment services & mental health support

Given the scale of alcohol problems there is a particular need for early treatment which can be provided in the community. Around 60% of cases are treated on an out-patient basis, but more is needed. In addition, almost all residential alcohol treatment services are outsourced by the state. AAI contends that the state must develop its capacity for services that are trauma-informed, guided by national standards and fully accessible to those in need. A target of increasing alcohol treatment presentations by 20% annually for a five-year period should be set. Taking a figure of 20% of the current funding to HSE Addiction Services and HSE Section 39 funding this suggests an increase of €20 million each year to be directed towards alcohol services.

4.1.1 Mental health funding

Mental health issues are very often intertwined with problem alcohol use so improving mental health services across the population will help to offset alcohol harm. We urge the Government to commit to a long-term funding strategy, bringing the mental health allocation to 10% of the health budget by 2030. This was promised in the Programme for Government and is long overdue to grant mental health the parity of esteem it deserves.

The term ‘dual diagnosis’ refers to people to experience both a mental health difficulty and a substance misuse problem. Having a mental health difficulty and using substances harmfully is the norm for people accessing treatment. The HSE recently announced details of a new clinical programme for a minority of people classified as having ‘dual diagnosis’, i.e., those at the more serious end of the spectrum. It’s very welcome that some people will benefit from these specialist services, but funding is still required for those who will not fall under the clinical programme’s remit.

4.2 Hospital care

Public health experts in the UK have for the past 20 years campaigned on the issue of alcohol-related hospital admissions. This has led to UK hospitals having coordinated policies of care for patients with alcohol-related problems in A&E and acute medicine departments, including a 7-day alcohol specialist nurse service, a mental health crisis team and alcohol care teams. Alcohol care teams (ACTs) coordinate across acute departments, including accident and emergency (A&E) and provide access to brief interventions and appropriate services within 24 hours of the detection of alcohol-related problems. Data has shown that ACTS are effective in: reducing Emergency Department (ED) attendances by up to 60% reducing hospital admissions by 66%; reducing length of stay from 11.5 days to 8.9 days; improving patient care with clinical incidents reduced by 75%.

Beaumont Hospital are developing such an approach which also aims to link in with community services. A fully funded alcohol care team would cost about €350k for 4 specialist nurses and part time consultant. Savings would be more than three times that based on UK evidence.

Recommendations:

- Funding must be provided to the HSE to develop its own treatment services that are trauma-informed, holistic and accessible to all at time of need. A target of increasing alcohol treatment presentations by 20% each year for a five-year period should be set. €20million annually.
- Funding must be provided for alcohol care teams linked to all large hospitals which would assist in providing much-needed interventions for people with entrenched problem alcohol use. As a minimum funding of €350,000 annually should be provided to fully develop the programme at Beaumont Hospital which could be a pilot for similar schemes.
- Funding must be allocated to the national clinical programme for dual diagnosis as committed to and additional funding must also be put in place for supports for who do not meet the threshold for entry into the programme but who are seeking treatment for their substance use and who in the main have a mental health need.
- As called for by Mental Health Reform, it is imperative that an additional €115 million to be allocated to mental health in Budget 2024, with a commitment to a long-term funding strategy that brings the mental health allocation to 10% of the overall health budget by 2030.

The impact of alcohol on the family is extensive and growing up in a home where there is problem parental alcohol use (PPAU) has been recognised internationally as an adverse childhood experience (ACE) for over 20 years.

Adverse Childhood Experiences can lead to mental health issues like anger, anxiety and emotional pain as well as leading to risky behaviours such as problem substance use, eating disorders and suicide attempts/suicide.

A comprehensive national strategy document, the Hidden Harm strategy, makes it clear that children and young people affected by parental problem substance use must be supported in their own right so that better outcomes are achieved by them and their families. However, it's not clear what kind of funding is dedicated to this issue. It requires an action plan that should be publicly available, with clear targets, timeframes and funding. Given that PPAU is very likely one of Ireland's most common ACEs, it is vital that government seeks to offset the damage it causes. The fallout from ACEs across the lifespan costs Ireland 2% of GDP - €7.7bn. As the authors of the cost analysis point out - "*Rebalancing expenditure towards ensuring safe and nurturing childhoods would be economically beneficial and relieve pressures on health-care systems.*"

There are also multiple others who are affected by problem alcohol use - for example elderly parents living with adult children in active addiction. This is something that is likely to be increasing with the current housing crisis. As a minimum, dedicated funding should be provided to the Health Research Board to ensure comprehensive data collection on such affected family members as part of the National Drug Treatment Reporting System. Most importantly programmes need to be established to ensure services are readily available for all affected family members in their own right, regardless of the treatment status of their relative.

5.1 Fetal alcohol spectrum disorder (FASD)

Fetal alcohol spectrum disorder (FASD) is a life long irreversible neurodevelopmental condition caused by alcohol exposure in utero.
Ireland is estimated to have the third highest prevalence of (FASD) and the more severe foetal alcohol syndrome (FAS) in the world. In 2022, the HSE developed a position paper setting out a range of actions and stating that a "national whole of government strategy is needed to drive evidence based measures that lead to a reduction in FASD in Ireland. Funding is required to ensure the development of a whole of government national strategy on FASD. New Zealand, which has a similar population to Ireland, in 2016 launched a 3-year whole of Government Plan to address FASD prevention and intervention and announced an initial investment of $12 million (NZ). Ireland needs to work towards a similar investment package and plan.

5.2 Youth mental health

AAI supports the calls from mental health advocates to invest in prevention and early intervention youth mental health services. While recognising the need to invest in Child and Adolescent Mental Health Services (CAMHS), it is important to remember that only 2% of young people experiencing mental health difficulties will require the specialised support provided by CAMHS. This year, the United Nations Committee on the Rights of the Child (UNCRC) published its concluding observations in relation to Ireland, urging the State "*To ensure the availability of therapeutic mental health services and programmes for children*".

Recommendations:

- Dedicated funding must be provided to HSE and Tusla to give the national Hidden Harm framework -that recognises the adverse childhood experience of growing up with parental problem substance use- momentum and urgency. Budget 2022 provided €0.7m to provide services for children and families who are impacted by parental drug and alcohol use. Current funding for services for children and families who are impacted by parental drug and alcohol use should be doubled for 5 years with a review of the services provided evaluated at the end of that time period.
- Echoing the call of the Prevention and Early Intervention Network (PEIN), AAI recommends that the government commit €50m per year in multi-annual funding to scale up and expand early childhood home visiting programmes to mitigate developmental delays child poverty, domestic violence, parental problem substance use, trauma and poor mental health, as part of the implementation of Supporting Families: National Model of Parenting Support Services.
- Investment of €25 million in the Voluntary and Community Mental Health Sector for early intervention and prevention services for youth mental health.
- Funding is required to ensure the development of a whole of government national strategy on FASD. Ireland needs to work towards a multi-year investment plan similar to that of New Zealand ($12 million NZ over 3 years).

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