

Pre-Budget Submission: 2021



Who we are

Alcohol Action Ireland (AAI) is the 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 effective advocacy, campaigning and policy research.

Our work involves providing information on alcohol-related issues, creating awareness of alcohol-related harm and offering public policy solutions with the potential to reduce that harm, with an emphasis on the implementation of the Public Health (Alcohol) Act.

AAI support the work of the HSE Alcohol Programme, informing strategic alcohol initiatives as an instrument of public health planning. We act as the secretariat to the Alcohol Health Alliance Ireland, as its co-founding member, and serve on the Board of Eurocare – European Alcohol Policy Alliance, Brussels.

Alcohol Action Ireland believes that a range of fiscal measures can be adopted, which could contribute to the objectives of public health alcohol policy, reducing alcohol consumption in Ireland and so lessening alcohol related harms across Irish society.

A brief overview of economic and social impact Ireland harmful relationship with alcohol:

The annual cost of alcohol related illness and harm costs the Irish exchequer +€2.35bn.

Every day over seven people will die from alcohol-related illnesses¹.

Today, 1 in 10 beds in our public hospitals are occupied by alcohol related cases.

1.4 million people in Ireland use alcohol harmfully.

327,262 workdays were lost to alcohol related absenteeism in 2019.

Each year 60,000 teenagers will begin, all too early, their drinking careers.

One third of 15 years old children in Ireland have been drunk in their lifetime.

Alcohol is a factor in half of all suicides in Ireland.

200,000 children's lives are being negatively impacted by parental alcohol use.

The total estimated cost of *Alcohol Harm to Others* (2018) is €863m:

- Cost of caring for the known drinker
- Out-of-Pocket Expense – cost burden of specific harms from other drinkers
- Cost of seeking help services
- Cost of drinking by others in the workplace (€122m: €45.8m for extra hours worked / €76.7m Days off work).

¹ Global Burden of Diseases 2016.

Our view on Budget 2021

This Pre-Budget submission seeks to advise the Minister's consideration of Budget 2021 on three important matters:

- 1. The exceptional affordability of alcohol in the Off-Trade, the retention of existing excise rates and consideration of fixing current excise rates to a cost-of-living index from 2021.**
- 2. The immediate commencement of 'Minimum price for alcohol products' (Section 11; Public Health (Alcohol) Act, 2018).**
- 3. Establish a set of responsibility levies on specific aspects of the alcohol market including an increase the cost of renewing annual licence charges to raise revenues for preventative and treatment activities.**

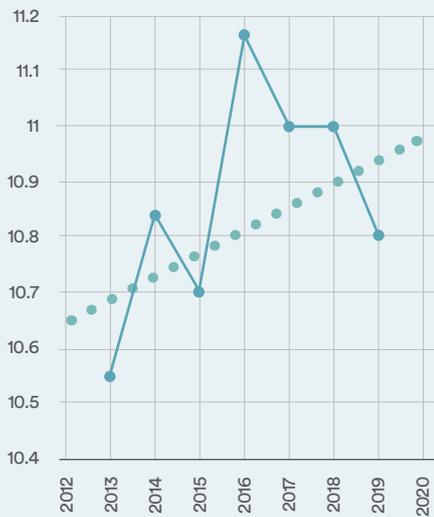
Each of these matters are informed by WHO Policy 'best-buys' and interventions to reducing alcohol consumption².

2 https://www.who.int/substance_abuse/msbalcstrategy.pdf

1. Excise duties on alcohol products

Analysis of Revenue data demonstrates that alcohol consumption since 2013 has steadied and now likely plateaued at 10.8 litres per capita. Using the most contemporary data, and the corresponding data for the previous six years, the underlying trend is evident (Figure 1: Underlying Alcohol Consumption pattern Ireland 2013–19).

Underlying Alcohol Consumption pattern Ireland 2013–19
Alcohol use: Litres per capita (under 15 years old)



The objective of the Government of Ireland | Department of Health – public health alcohol policy objectives, as expressed in the Public Health (Alcohol) Act 2018 is to reduce Ireland’s alcohol consumption to 9.1 litres per capita, an arbitrary figure selected as the OECD average in 2012, which today stands at 8.9 litres.

More broadly, if Ireland’s alcohol users were to adhere to the low-risk drinking guidelines, as determined by the Department of Health – 17 standard drinks for a man, 11 for a woman – our annual consumption would stand at 7 litres per capita, or 36% lower than our current consumption.

Additionally, the Alcohol Action Ireland *Market Review and Price Survey 2020*, conducted in July 2020 demonstrates the continuing affordability of alcohol products to Irish consumers:

Irish men can drink weekly low-risk guideline limit for as little as €7.65; women €4.95.

IRISH MEN
can drink 17 standard drinks*
FOR AS little as **€7.65**

*17 Standard Drinks is the weekly low-risk drinking guideline for Men (HSE: askaboutalcohol.ie)

IRISH WOMEN
can drink 11 standard drinks*
FOR AS little as **€4.95**

*11 Standard Drinks is the weekly low-risk drinking guideline for Women (HSE: askaboutalcohol.ie)

Implications of COVID-19

The current public health crisis will induce lower use of alcohol amongst Ireland's drinkers, however this, as previous economic shocks have demonstrated, will likely be a temporary adjustment and not impact on permanent market forces.

Prior to the imposition of trading restrictions placed on the on-trade in mid-March 2020, provisional data indicated a steady improving market for alcohol products: +1.2%, with spirits and wine showing strong growth with beer and cider minor decreases.

The outbreak of COVID-19 and the imposition of public health measures changed alcohol use dramatically with all consumption in on-trade settings and occasion, ceasing.

Provisional Revenue data points to a 4% reduction in H1, 2020, though domestic use and off-trade purchases surged (trade data from Nielsen: 44%; 4 week period to 16 August 2020, and Kantar: 76%; 12 week period to 12 July 2020 | CSO – Social Impact Of COVID-19 Survey), as alcohol users brought their alcohol use home and all the associated harm it brings.

Imports of alcohol for the opening six months of 2020 have experienced a 5% growth, with exports, reflecting the global COVID trading conditions, lower by 17.5%.

Excise rates have remained unchanged since 2013, and in the period since of the new century, there has only been three alterations to the rates. Since the introduction of the euro (2002), excise rate on beer has increased by 13.48% while the Consumer Price Index inflation figure for the same period stands at 27.4% (CSO³).

With evidence of persistent high-level consumption patterns and enhanced affordability, Alcohol Action Ireland advises the Minister in completing Budget 2021 to:

1. Retain existing excise duties on alcohol products, and

1. Introduce a Cost-of-Living index to excise rates from 2021.

Additionally, recognising the objectives of public health alcohol policy, we again urge the Minister to recognise the irrational approach that enables the State to offer subsidy to the production and sale of alcohol.

In our submission for Budget 2020 we outlined our view that the subsidy offer by way of relief from Alcohol Products Tax (APT) available to beer produced in qualifying microbreweries, should be ended and that a tapering, over time, of the subsidy should be considered. However Budget 2020 provided not just a continuance of the subsidy but a 25% increase to the production ceiling. To date the Exchequer has afforded the microbrewing sector an approx subsidy (tax foregone) of €30m.

Furthermore given the multifarious sources of data, especially regarding the proportion of alcohol sales/consumption from either the On or Off-Trade perhaps the Minister could direct Revenue to collect, and publish quarterly, a wider dataset on alcohol sales.

3 <https://www.cso.ie/en/interactivezone/visualisationtools/cpiinflationcalculator/>

2. Immediate commencement of ‘Minimum price for alcohol products’ (Section 11; Public Health (Alcohol) Act).

Minimum Unit Pricing be commenced immediately.

Alcohol Action Ireland would advise, notwithstanding the imminent challenge that the COVID pandemic and a possible ‘no-deal’ Brexit may pose, that the process of establishing Minimum Price for alcohol products (Section 11, Public Health Alcohol Act, 2018) be commenced immediately.

We understand that there have been reservations within the Minister’s Department about the commencement of minimum pricing for alcohol products. However, the instrument enacted by the Oireachtas, as the record demonstrates, was approved as a central component to alleviating alcohol harm and improving better public health outcomes.

In a judgement, from the UK Supreme Court (Nov 2017) rejecting a legal challenge by the Scotch Whisky Association et al to the proposed introduction of minimum pricing in Scotland, Lord Mance, delivering an unanimous decision, and reflecting on the incomparable values of health or economic impact on producers, stated ‘the courts should not second-guess the value which a domestic legislator puts on health’.

The COVID pandemic has demonstrated the value, and immediate availability, of Intensive Care units in our public hospitals. Recent estimates have indicated that 1 in 5 ICU beds is currently occupied by those who have been critically impacted by alcohol.

The significant and growing trend of consumer purchase of alcohol products in the Off-Trade, and the enhanced affordability, make the intended consequences of MUP – reducing alcohol consumption – a matter of some urgency.

Continuing evaluation from the Scottish jurisdiction, who introduced MUP in May 2018, suggest a real and present impact on reducing levels of consumption and effect compliance across the retail sector⁴.

In 2020 Wales and Jersey also introduced minimum unit pricing for alcohol products, while early evaluation of an introduction of minimum unit pricing in Northern Territory, Australia have indicate a dramatic improvement in hospital admissions of acute alcohol episodes.

⁴ <http://www.healthscotland.scot/media/2659/minimum-unit-pricing-for-alcohol-evaluation-compliance-study-executive-summary-english-july2019.pdf>

The question of MUP commencement, in consultation with the Northern Ireland

Alcohol Action Ireland recognise a government preference for consultation on commencing MUP in Ireland. However, the recent announcement by the Northern Ireland Executive's Minister for Health suggest further interminable delay. And here we note the alcohol producers' continued lobbying opposing this measure. In this context, the Minister can no longer ignore the public health objectives for the measure, decided by government some seven years ago – 2013.

CJP Consultants in its report '*The efficacy of Minimum Unit Pricing Fiscal and other Pricing Public Policies for Alcohol*' (Sept 2013) support this view stating that cross border dimensions should 'not deter from such an important health issue'.

Alcohol Action Ireland concur. There are multiple factors contributing to the decision-making to travel and purchasing goods in Northern Ireland.

Currency fluctuations, VAT differential and the relative price differential remain the principal factors in such considerations.

These monetary and fiscal factors, added with consumer choices, ultimately determine the purchase point of alcohol for communities both sides of the Irish/UK border. Ensuring that cheap, strong alcohol cannot be sold in Ireland beneath a certain price is unlikely to contribute any further impetus to an already well established practice and trade.

Significantly, only one of the alcohol products priced in Northern Ireland and which featured in Tax Strategy Group's 2019 'Analysis of off-trade cross border price differences'⁵ were lower than the floor price established by the Public Health (Alcohol Act):

Modified table from Tax Strategy Group – 09/19 General Excise to highlight MUP of selected products in Ireland

	Price in this State	Price in N. Ireland	MUP in Ireland	Total Tax State	Total Tax NI	Tax Difference	€/£ Exchange Rate
Can – Lager	€2.22	€1.67	€1.58	€0.90	€0.81	€0.09	€0.87
Bottle – Wine	€11.70	€8.62	€7.50	€5.37	€4.01	€1.37	€0.87
Whiskey	€24.00	€23.86	€22.07	€16.41	€13.24	€3.17	€0.87
Can – Guinness	€2.22	€2.08	€1.66	€0.89	€0.81	€0.08	€0.87
Vodka	€20.00*	€16.41	€20.71	€14.91	€11.42	€3.49	€0.87

* The AAI annual market review and price survey 2020 highlights that cheap, strong Vodka is widely available throughout Ireland between €12.99–€16.49.

The UK Government's recent White Paper on the UK Internal Market, and the Bill before parliament, may further hinder the capacity of Northern Ireland's Executive – notwithstanding the broader unresolved issues surrounding Brexit negotiations – to pursue innovative public health policy that embraced a devolved measure such as minimum pricing for alcohol products⁶.

Fiscal and Monetary concerns

The current exchange rate (August 2020) provides UK shoppers with an 11% purchase bonus in Ireland while Irish shoppers lose 10% currency value. However, these perceived gains and losses have to be set against relative price differential, which is higher in Ireland and lower in Northern Ireland (consumer prices in Northern Ireland are 23% lower than Ireland).

There is also a 13% difference between the VAT rate on alcohol products in the UK (20%) than in Ireland (23%).

Distance from the border is also a very important consideration. Over 60% of the value of current Ireland to Northern Ireland cross-border shopping is transacted by those who live closest to the Border (€458m; CSO:2018). The daily weaving of living between both jurisdiction is part of everyday life; commercial transaction in one or other is determined by the immediate value of the currency and the relative price differential. 19% of shopping value come from the Dublin based shoppers; 5% Mid East and 4% Midlands.

'The AA' (Automobile Association) annual consumer cross-border survey demonstrates that fashion items and cosmetics feature higher than any other products in motivating such cross border shopping.

The recent UK government cut the rate of value added tax (VAT) on hospitality and tourism from 20% to 5% from 15 July 2020 to 12 January 2021, though excludes alcoholic drinks, will apply to food and alcohol-free beverages and so provide further stimulus.

Since 2013, when the government decision to introduce MUP was agreed, there have been 875 deaths from direct alcohol poisoning alone, likely induced by acute alcohol episodes.

The Global Burden of Diseases⁷ would estimate that 19,530 deaths related to alcohol use have occurred in this period.

We advise the Minister in shaping the 2021 Budget to acknowledge that, notwithstanding a reduction in alcohol taxes, delay and/or compliance with the demands of pecuniary interests in alcohol revenues can no longer be a rational position to delay the commencement of a democratically approved public health measure.

6 <https://www.bbc.com/news/uk-scotland-scotland-business-53800549>

7 [https://www.thelancet.com/article/S0140-6736\(18\)31310-2/fulltext](https://www.thelancet.com/article/S0140-6736(18)31310-2/fulltext)

3. Establish a set of responsibility levies on specific aspects of the alcohol Off-Trade market to establish annual revenue streams for preventative and treatment alcohol programmes.

2% Social Responsibility Levy could yield +€75m to the Exchequer.

Increase to annual Off Licence renewal fee could yield €3.67m.

- Establish an Annual ‘Youth Recreational Activities’ allowance.
 - Invest in primary care psychology services through the recruitment of additional psychologists at staff grade level and above to meet the needs of both children and adults.
 - Allow Residential Alcohol Treatment health expenses qualify for tax relief at the 40% rate.
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The Alcohol Action Ireland *Market Review and Price Survey, 2020*⁸, assessed the domestic 2019 Off-Trade market at €3.78bn

household expenditure on alcohol, 51.2% is spent on the Off Trade (*‘Drink consumed at home’*).

The Central Statistics Office (CSO) most recent data from the National Income and Expenditure Annual Results 2019, published in July 2020⁹, has determined the total Consumption of Personal Income on Alcohol Beverages (incl. pubs) was €7.392 billion.

In this context, we believe it is reasonable to estimate the value of the 2019 Off-Trade market in Ireland at €3.78 billion.

Furthermore, the Household Budget Survey 2015—2016 provides an insight into average weekly household expenditure. From that data, we can extrapolate that of the

Given the significance of Off-Trade sales to sustaining alcohol consumption (+65% of all alcohol consumed in the home¹⁰) and the enhanced affordability of alcohol products, Alcohol Action Ireland believes greater ‘demerit’ responsibility must be placed, by way of levy, on these sales.

⁸ <https://alcoholireland.ie/pocket-money-affordability-continues-sustain-irelands-excessive-use-alcohol/>

⁹ <https://www.cso.ie/en/releasesandpublications/ep/p-nie/nie2019/cpi/>

¹⁰ https://www.hrb.ie/fileadmin/publications_files/Alcohol_in_Ireland_consumption_harm_cost_and_policy_response.pdf

Projected Annual Cost

< €50m

Alcohol Action Ireland believe that

400,000

people in Ireland are adult children from alcohol impacted families.

The following table demonstrates what a modest levy on these sales (2019 market value assessment), applied as a ‘Lid Levy’ or Social Responsibility Levy” could yield annually:

1%	€38m
2%	€76m

Additionally, AAI repeat our 2020 advise note to the Minister to increase the annual cost of renewal of a Retailer’s Off Licence from €500 to €1000.

This measure could yield an additional €3.67m in a full year to the Exchequer.

Initiative One: Healthy Children

Every year approximately 60,000 children will commence drinking, promising what Business Representative Groups refer to as a ‘lifetime of income from responsible drinking’. Research has demonstrated that two thirds of all Irish 15 years old have taken alcohol and one third will have experienced being drunk¹¹.

Following the innovation of Iceland¹², who in the early 1990’s grappled with similar experiences with children using alcohol and drugs, Ireland could instigate a radical plan to re-engage its youth with a positive engagement on group activity: sport, music, art, dance and other such activities¹³.

CSO data identifies that in the 2016 census, the age cohort between 10–14 years was 319,476.

In Ireland, if every child in Ireland aged between 12 and 16, capturing that crucial period of early drinking initiation, was afforded an opportunity to participate in an organised sport, music, art, dance and other activity-

based clubs, providing alternative ways to feel part of a group, and to feel good, rather than using alcohol or drugs, we could place a significant backstop on the slide into harmful alcohol consumption. Studies have shown that children involved in organized recreational activities are less likely to become involved in antisocial behaviour and/or become socially isolated; granting an annual €200 ‘Youth Recreational Activities’ allowance, and assuming a 70-80% take-up, has a **Projected Annual Cost: < €50m.**

By ensuring a simple online application process through the HSE/ askaboutalcohol.ie, parents/guardians could be introduced to the basic principles of how to avoid an early initiation with alcohol, and a confident community could be established of informed advocates for change.

The Health Behaviour in School-Aged Children Study 2018 (published Jan 2020) highlighted that for the 40% of 15 year old children who drank in the last 30 days, one in three sourced that alcohol from their parent or guardian.

Initiative Two: Supporting Recovery

Invest in primary care psychology services through the recruitment of additional psychologists at staff grade level and above to meet the needs of both children and adults.

Alcohol Action Ireland, through our *Silent Voices* initiative, aims to help those impacted by parental alcohol misuse to find the confidence to speak about their situation and to seek help. It also aims to inform those with parental and care responsibilities of the long-term harms parental alcohol misuse has on children.

¹¹ ESPAD Study 2015.

¹² <https://reykjavik.is/en/leisure-card>

¹³ The percentage of Icelandic 15- and 16-year-olds who had been drunk in the previous month plummeted from 42 per cent in 1998 to 5 per cent in 2016.

Given the historical pattern of alcohol misuse in Ireland, Alcohol Action Ireland believe it probable that 400,000 people in Ireland are adult children from alcohol impacted families. Recent data from the HSE (The Untold Story, 2018)¹⁴, indicates that a further 200,000 children, today, are silently experiencing Hidden Harm – living with, and impacted by, parental alcohol misuse.

An important objective is that awareness of this specific experience – including trauma – is understood and recognised by those with parental care responsibility, the health professional community, statutory services and voluntary agencies. In this context, AAI supports the analysis and recommendations of organisations such as Mental Health Reform whose work highlights the capacity issues within existing services and the need for greater numbers of psychologists within the primary care system¹⁵.

Projected cost

The allocation of a further €20m from the possible additional revenues identified would contribute to stabilising existing services, support the renewal of Child and Adolescent mental health services and establishing trauma specific services required.

Tax relief for health expenses relating to Private Alcohol addiction treatment

The Health Research Board (HRB) has estimated that there were somewhere between 150 – 200,000 dependent drinkers in Ireland in 2013¹⁶.

International studies suggest that only 10% at any one time are likely to seek intervention or treatment, which would indicate that perhaps somewhere between 15 – 20,000 may seek support in Ireland annually.

The latest data from the HRB on alcohol treatment (*published November 2019*) indicates that only 7,546 cases were treated for problem alcohol use, with 44% reporting as new cases: 3,320. This may indicate a significant shortfall in the capacity of available services to manage the underlying demand for treatment.

By way of supporting those who seek or require problem alcohol use intervention as a residential treatment programme but who cannot access public services, Alcohol Action Ireland would advise the Minister that any incurred private health expenses (residential treatment) qualify for tax relief at the upper 40% rate rather than the current standard rate at 20%.

Night-time economy developments

Alcohol Action Ireland note the announcement by the new Minister for Media, Tourism, Arts, Culture, Sport and the Gaeltacht to establish a Night-time Economy Taskforce, which we understand will ‘look at all the challenges facing the development of a vibrant night time culture and economy such as regulations, licencing laws ...’.

Alcohol Action Ireland recognise there is a need to modernise the licencing regime and the fee structures for such licenses. We look forward to having an opportunity in the coming months to advancing our views in these matters.

¹⁴ <https://www.hse.ie/eng/services/news/media/pressrel/hse-report-reveals-the-untold-story-of-the-harms-caused-by-other-peoples-drinking.html>

¹⁵ <https://www.mentalhealthreform.ie/news/end-the-decades-of-neglect-invest-in-mental-health-in-budget-2019/>

¹⁶ http://www.hrb.ie/fileadmin/publications_files/Alcohol_in_Ireland_consumption_harm_cost_and_policy_response.pdf



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