

Alcohol:

A drain on the
Irish economy

ALCOHOL
ACTION
IRELAND

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Submission 2025

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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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Summary of recommendations:

Fiscal measures

Affordability

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 Consumer Price Index.

Alcohol industry levy

Give consideration to developing a new 'polluter pays' alcohol levy system with funding raised to be ringfenced for alcohol harm reduction strategies.

Minimum unit pricing uprating

MUP should have a mechanism for automatic uprating with inflation otherwise it will lose its public health value. There is also scope to consider that any such increase could be constructed as a levy with the income going to government to pay for alcohol harm reduction as opposed to profit to retailers.

Other recommendations

Treatment services

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.

Adverse childhood experience

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.

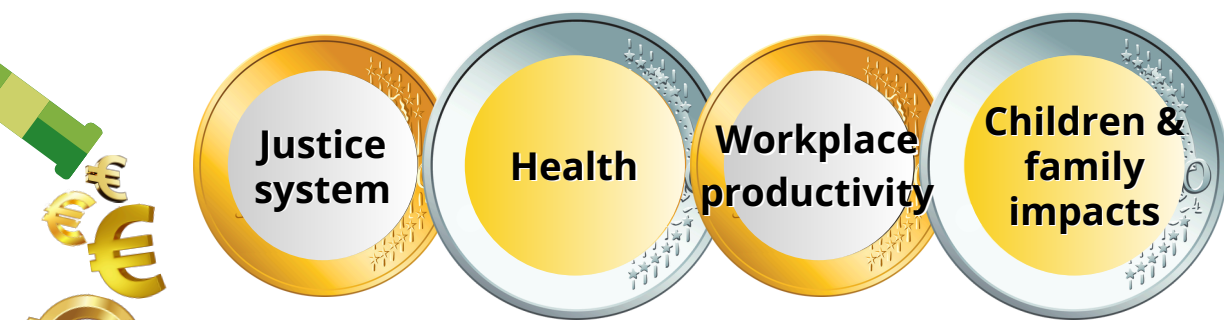
Youth mental health

An immediate top-up of funding, separate to the existing budgetary allocation, of €25m should be provided for further implementing Sharing the Vision.

Separate funding of no less than €25m should be provided immediately for resourcing organisations in the community and voluntary sector that provide mental health supports and general youth support services, as these are key to prevention and early intervention.

Alcohol: A drain on the Irish economy

Amount raised in excise duty on alcohol products: **€1.2bn**



Cost of harm caused by alcohol: **€12bn**

NET **€10.8bn loss**

The burden of alcohol on government and society

Alcohol is no ordinary commodity. It is intoxicating, psychoactive, carcinogenic, mood-altering and dependence-producing. There are a wide range of harms from alcohol that burden government systems and finances including in health, social care, justice system and the workplace.

Alcohol causes multiple illnesses and deaths and 11% of the healthcare budget is being used for alcohol-related illnesses and injuries with 1,500 hospital beds in use every day in relation to alcohol.

The OECD estimates that for Ireland the costs are of the order of about 1.9% of GDP which tallies with research cited by the World Health Organisation that in high income countries alcohol harm amounts to up 2.5% of GDP. For Ireland that would equate to approximately €9.6bn-€12bn annually. Against that alcohol excise duties only raise €1.2bn annually. This is why Ireland must take a public health approach to taxation, one that recognises and accounts for the heavy burden alcohol places on public finance and spending.

A recent study found that more than half of deaths in Ireland are caused by four harmful commodities: tobacco, alcohol, fossil fuels, and unhealthy foods, while a study in the Lancet

found that the same four industries 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, recommending that 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.”

A public health approach to alcohol taxation

National and international expert groups including the Commission on Taxation and Welfare, the OECD and the World Health Organisation have pointed to the powerful role that alcohol taxation can have in reducing the public health burden from alcohol. However, in order for taxes 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.

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 €16.75, with a tax content of €13.18 split between €10.05 of excise duty and €3.13 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.

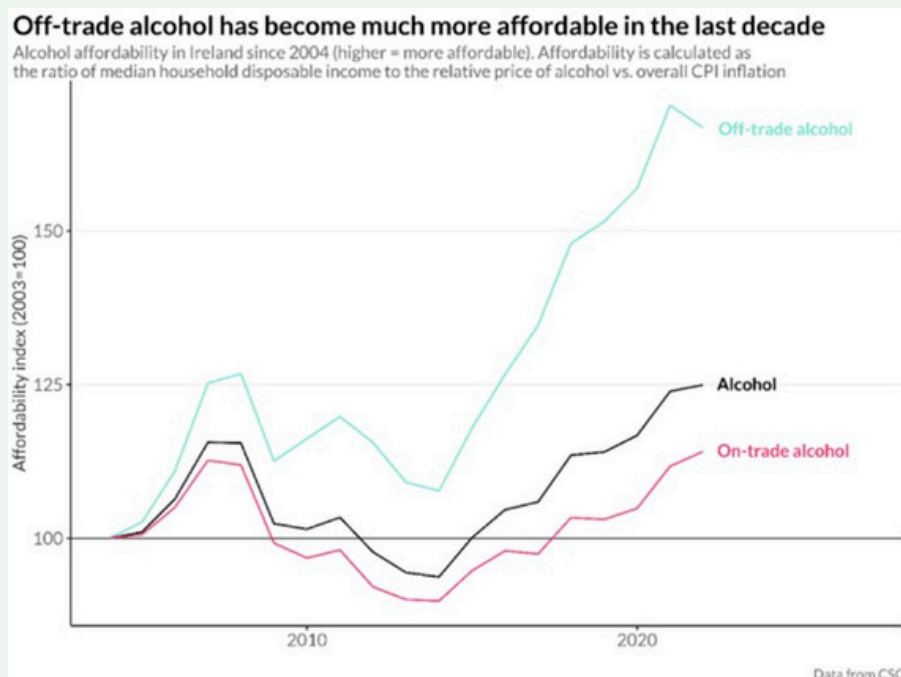
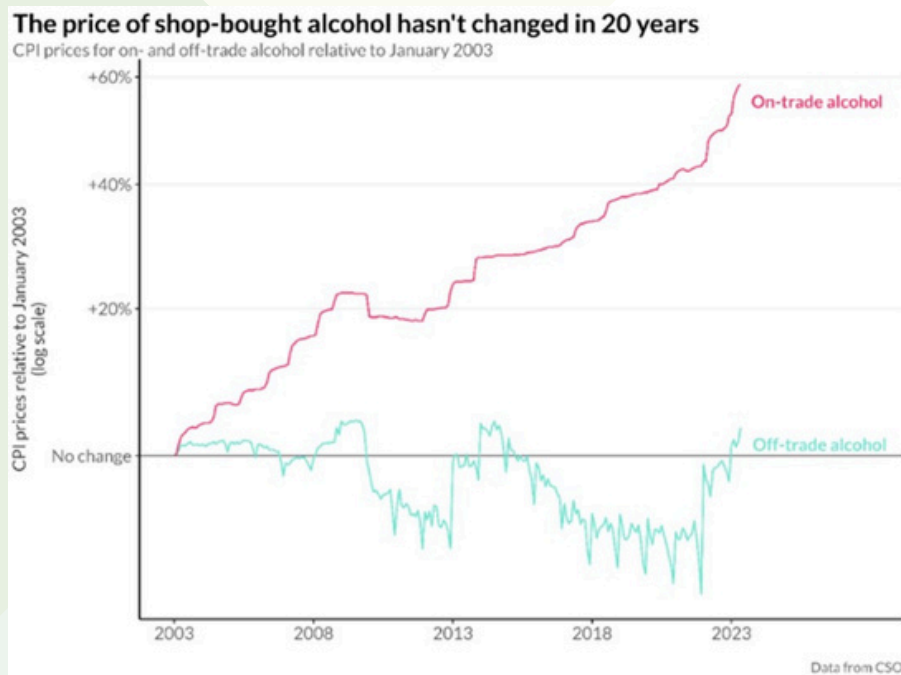
Excise duty

Tax on pub-bought alcohol v cigarettes as percentage of the price



Affordability of alcohol is a key driver of alcohol harm

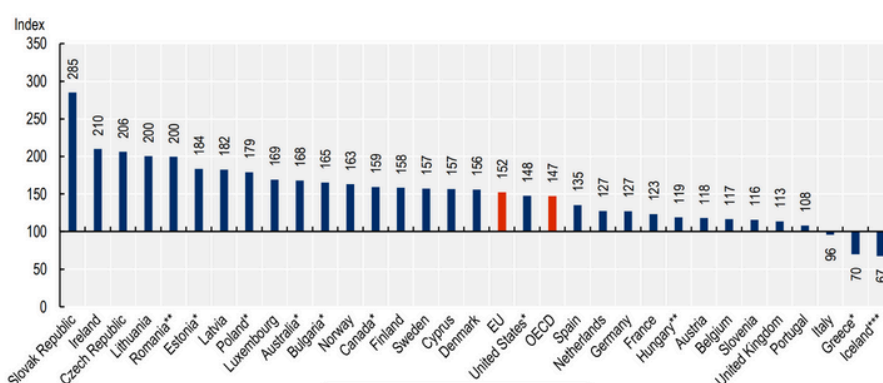
Research from the University of Sheffield indicates that shop-bought alcohol today is around the same price that it was 20 years ago, with the introduction of Minimum Unit Pricing in 2022 only bringing it back to 2003 levels. As of 2023 it is 70% more affordable than in 2003. Even alcohol bought in the on-trade is 14% more affordable than it was two decades ago.



The alcohol industry argues vociferously against any increase in alcohol duties and actually proposes decreasing 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 affordability for young people aged 16-24 years.

Figure 2.16. Trends in alcohol affordability, 2000-18 (or earliest and latest year)

Alcohol affordability index (index year 2000 = 100)



The net result is that alcohol is Ireland's cheapest and most widely available drug.

The alcohol industry likes to point to other taxation which they pay such as VAT and employment taxes. However all industries pay these and it is important to distinguish between health harming products such as alcohol and tobacco and regular commodities. The imposition of excise duties is a reflection of their specific harmful nature.

There are multiple benefits in increasing alcohol taxation. Reducing consumption leads to a reduction in alcohol harms. One example of this is that there is clear evidence from research in EU countries that a 10% increase in the price of alcohol leads to a 7% reduction in road deaths.

The media and politicians consistently overestimate the public appeal of freezing duty. Most people would prefer alcohol duty to be uprated rather than other taxes. In the UK a YouGov poll by The Times in 2023 found that the government's decision to freeze alcohol duty was the least popular measure in the Autumn Statement. Only 38% of people supported the

decision to freeze duties, with 47% of the public saying it was the wrong priority for the country. Similarly in Ireland, polling has shown strong support for fiscal measures to address alcohol harm with minimum unit pricing being supported by the public.

If rates continue to be reviewed on an annual basis, they will be subject to political pressures to introduce cuts and freezes. Therefore, in line with strong international evidence, duty should be automatically uprated in line with inflation or earnings every year, with a comprehensive review taking place every 5-10 years. This will somewhat remove the politicised nature of the decision and lessen the influence of industry lobbying.

RECOMMENDATION

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 Consumer Price Index.

10% increase in
price of alcohol
=
7% reduction in
road deaths

**In Ireland in 2023,
that's 13 people**

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.

RECOMMENDATION

Give consideration to developing a new 'polluter pays' alcohol levy system with funding raised to be ringfenced for alcohol harm reduction strategies.

MUP uprating

Minimum Unit Pricing (MUP) was first proposed in 2013 but not implemented until 2022. Clearly its value has been eroded in that time. This is very evident as indicated by the Sheffield affordability report which shows that the 2022 price only brought shop-bought alcohol prices back to their 2003 level.

RECOMMENDATION

MUP should have a mechanism for automatic uprating with inflation otherwise it will lose its public health value. There is also scope to consider that any such increase could be constructed as a levy with the income going to government to pay for alcohol harm reduction as opposed to profit to retailers.

Treatment services

Given the scale of alcohol problems there is a particular need for timely and accessible 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.

Investment in state-run treatment services that are trauma-informed, holistic and accessible to all at time of need is required. 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.

RECOMMENDATIONS

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.

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Adverse childhood experience – 1 million adults affected

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. As the authors of a European-wide cost analysis point out - "Rebalancing expenditure towards ensuring safe and nurturing childhoods would be economically beneficial and relieve pressures on health-care systems."

RECOMMENDATION

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.

Youth mental health

AAI supports the calls from mental health advocates to invest in prevention and early intervention youth mental health services. In 2023, 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

As per recommendations from the Joint Committee on Children, Equality, Disability, Integration and Youth on accessing child and adolescent mental health services and dual diagnosis: an immediate top-up of funding, separate to the existing budgetary allocation, of €25m should be provided for further implementing Sharing the Vision.

Separate funding of no less than €25m should be provided immediately for resourcing organisations in the community and voluntary sector that provide mental health supports and general youth support services, as these are key to prevention and early intervention.



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