

Pre-Budget Submission: 2019





Who we are

Alcohol Action Ireland (AAI) is a non-governmental organisation who act as an independent expert voice for policy change on alcohol-related issues, advocating to reduce alcohol harm and improve public health, safety and wellbeing in Ireland.

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) Bill, 2015.

AAI provides on a contractual basis an Interim Lead to the HSE Alcohol Programme, informing strategic alcohol initiatives as an instrument of public health planning. We act as secretariat to the Alcohol Health Alliance Ireland, as its co-founding member, and an Oireachtas Cross-Party Group on Alcohol Harm while serving on the Board and Labelling Committee of Eurocare – European Alcohol Policy Alliance, Brussels.

Our view on Budget 2019

Alcohol Action Ireland believes that a range of fiscal measures can be implemented, which could contribute to our objectives of 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 three people will die from alcohol-related illnesses.

Today, 1,500 beds in our hospitals are occupied by alcohol related patients

1.4 million people in Ireland have a harmful relationship with alcohol.

283,866 work days were lost to alcohol related absenteeism in 2016.

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

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

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

One in every eleven child's life is being negatively impacted by parental drinking.

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 - Extra hours worked/€76.7m - Days off work).

This Pre-Budget submission seeks to advise the Minister's consideration of Budget 2019 on four important matters:

1. the need to retain existing excise on alcohol products to curb rising consumption

2. dilute the flow of Exchequer subsidy to a flourishing alcohol industry

3. establish a set of responsibility levies on specific aspects of the alcohol market to raise revenues for preventative and treatment activities that will ease the impact of alcohol related harms, and

4. the immediate commencement of 'Minimum price for alcohol products' (Section 11; Public Health (Alcohol) Bill, on enactment.



1. An assessment of Ireland's pattern of alcohol consumption

**No reduction of existing excise duties
on alcohol products**

**Underlying trend on alcohol consumption
rising in Ireland**

Alcohol Consumption underlying trend Ireland 2013-18

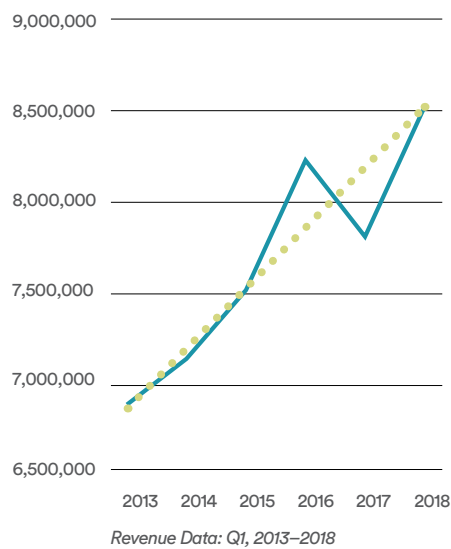


Figure 1: Underlying Alcohol Consumption pattern Ireland 2013-18.

Analysis of Revenue data demonstrates that alcohol consumption since 2013 has steadily increased, reflecting the welcome recovery of the domestic economy. 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 2013-18.)

Additionally, the Alcohol Action Ireland *Market Review and Price Survey 2018*, undertaken in July 2018 (Figure 2, 3.) demonstrates the affordability of alcohol products to Irish consumers. This enhanced affordability is underpinned by analysis of the CSO Household Budget Survey 2015-16 (June 2017) data, which when cross referenced with annual alcohol consumption data, illustrates that while Irish consumers spent less income – 3.3% in 2015-2016 from 4.9% in 2009-2010 - alcohol consumption levels were sustained at, or about, 11 litres per capita (>15 yrs).

Industry sales data through 2018 equally demonstrate rising volumes across spirits, beers and wine products.

With evidence of rising consumption patterns and enhanced affordability, Alcohol Action Ireland urges that Budget 2019 would at best not seek to reduce existing excise duties on alcohol products, and/or, give due consideration to re-adjusting excise duties on alcohol products to diminish the enhanced affordability of alcohol products to regain the typical household weekly expenditure on alcohol products of 2009-10.



Figure 2: Affordability of Standard Drink: Cider/beer/Wine



Figure 3: Affordability of Standard Drink: Gin/Vodka/Whiskey

2. Dilute the flow of Exchequer subsidy to a flourishing alcohol industry

2015-2017: Enterprise Ireland, and Local Enterprises Offices awarded €3.82m to fledgling alcohol enterprises

€20.081m foregone in tax receipts as relief on Alcohol Products Tax grows to €5.674m in 2017 for Craft breweries.



Government of Ireland, March 2013.

In recent years the alcohol industry has attracted a range of entrepreneurs attracted by an expanding marketplace for alcohol products both domestically and internationally. Many of these fledgling enterprises, specifically located in under-developed regions and localities, have sought and received significant seed capital from the Exchequer through numerous state agencies. A recent Parliamentary Question (PQ1496/18) to the Minister for Business; Enterprise and Innovation, established that between 2015-2017: Enterprise Ireland, and Local Enterprises Offices had awarded €3.82m to fledgling alcohol enterprises, including €1.005m in equity funds.

Since the introduction of relief from Alcohol Products Tax (APT) available to beer produced in qualifying microbreweries in 2005, the Exchequer has afforded the microbrewing sector a subsidy (tax foregone) of €20.081m, with 86 businesses benefiting in 2017 to a value of €5.674m (PQ: 31338/18).

The Craft brewery/Distillery sector received further state support when the Oireachtas expedited the recently passed Intoxicating Liquor (Breweries and Distilleries) Act 2018. This will permit sale by distilleries and breweries of their own product to premises visitors. The Bill also covers the making of cider and perry.

Alcohol Action Ireland notes the continued success of Ireland's craft brewing sector and the comments of the Bord Bia 2017 Economic Impact Statement of Irish Craft Beer, which

stated that 'the growth of the sector has been sustained over a number of years and looks set to maintain its upward trajectory', and the commentary of the Alcohol Beverage Federation (ABFI) that domestic demand for premium spirits (Gin-Whiskey) is 'soaring'.

We advise that Budget 2019 would begin the process of tapering this relief both in terms of the qualifying hectolitre limits and the percentage reduction of Alcohol Product tax. Equally, we would advise the Minister that public monies invested as equity funds should be placed in business enterprises more conducive to the objectives of Healthy Ireland¹ and better public health outcomes.

On a wider perspective, Alcohol Action Ireland would like to highlight the level of wine promotion subsidies afforded to the alcohol industry by the Common Agriculture Policy. Ireland is now a net contributor to the EU budget.

These funds are distributed under two separate regulations: EU 1308/2013, which granted nearly €250m in 2018, and EU 1144/2014, that financed a further €22m in 2018. While these funds are seemingly used to support agriculture and sustainable rural development, the EU must be coherent and should not allocate limited public funds on economic metrics alone. Public health perspectives must be considered and producers of alcoholic beverages that knowingly jeopardise public health, both within and outside the Union, cannot be sustained in such a manner.

¹ Healthy Ireland is a Government-led initiative which aims to create an Irish society where everyone can enjoy physical and mental health, and where wellbeing is valued and supported at every level of society. <http://www.healthylireland.ie/>

3. Establish a set of responsibility levies on specific aspects of the alcohol market to raise revenues for preventative and treatment activities

2% Social Responsibility Levy could yield €74.80m to the Exchequer.

Increase to annual Off Licence renewal could yield €3.663m

Establish an Annual ‘Youth Recreational Activities’ allowance.

Develop an enhanced alcohol treatment team for each Primary Care Team across the Nine HSE Community Healthcare Organisations.

Recruit an Alcohol Liaison Nurse for each Tertiary Hospital across the HSE Acute Hospital network

Allow Residential Treatment Health Expenses qualify for tax relief at Upper 40% rate.

The Alcohol Action Ireland *Market Review and Price Survey, 2018*², assessed the domestic 2017 Off-Trade market at €3.74bn.

The Central Statistics Office (CSO) most recent data from the National Income and Expenditure Annual Results 2017, published in July 2018³, has determined the total Consumption of Personal Income on Alcohol Beverages (incl. pubs) was €7.306 billion, a 7.39% increase on 2016.

Furthermore, the Household Budget Survey 2015-2016 provides an insight into average weekly household expenditure. From that data, we can extrapolate that of the household expenditure on alcohol, 51.2% is spent on the Off Trade ('Drink consumed at home'). The previous Household Budget Survey 2009-2010 indicated 41% of household expenditure on alcohol was in the Off-Trade.⁴

In this context, we believe it is reasonable to estimate the value of the **2017 Off-Trade market** in Ireland at **€3.74 billion**. As 65% of all alcohol is now consumed at home, and purchased in the Off-Trade, the On-Trade is now returning the majority of VAT/Excise receipts. In this respect, the Off Trade is simply not paying its share of the burden generated by the products, which society gives it the permission to sell.

Given the significance of Off-Trade sales to rising alcohol consumption and the enhanced affordability of alcohol products, Alcohol Action Ireland believes greater weight must be placed, by way of levy, on these sales.

The following table demonstrates what a modest levy on these sales (2017 market value assessment), applied as a 'Lid Levy' or Social Responsibility Levy" could yield annually:

| | |
|------|---------|
| 0.5% | €18.70m |
| 1% | €37.40m |
| 2% | €74.80m |

Equally, by way of curbing the continuous expansion of the Off-Trade licence holder (a view expressed by Vintner Federation Ireland⁵), Alcohol Action Ireland advise 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 €3.663m in a full year to the Exchequer.

These additional funds – approx' €78 million – collectively could fund two major public initiatives, one that would target better outcomes for our younger citizens and help reduce our rising alcohol consumption as a nation, and another to support the recovery of another cohort of our citizens whose lives have been blighted by the impact of alcohol.

2 <http://alcoholireland.ie/alcohol-action-ireland-release-annual-alcohol-market-review-price-survey-2018/>

3 <https://www.cso.ie/en/releasesandpublications/ep/p-nie/nie2017/>

4 Socio- Economic Impacts of Proposed Regulations under the Public Health (Alcohol) Bill, DKM Consultants, 2017, pp 12.

5 <https://vfipubs.ie/news/latest-news/almost-1500-less-pubs-in-ireland-last-year-than-2005/>

3. Establish a set of responsibility levies on specific aspects of the alcohol market to raise revenues for preventative and treatment activities (continued)

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 drunk⁶.

Following the innovation of Iceland⁷, 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 activities.⁸

CSO data identifies that in 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,

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.

6 ESPAD Study 2015.

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

8 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.

Initiative Two: Supporting Recovery

The Health Research Board (HRB) has estimated that there were somewhere between 150,000 - 200,000 dependent drinkers in Ireland in 2013⁹. International studies suggest that only 10% at any one time are likely to seek intervention or treatment, which would indicate that perhaps somewhere between 15,000 - 20,000 may seek support in Ireland annually.

The latest data from the HRB on alcohol treatment 2016 (*published 30 August 2018*) indicates that only 7,643 cases were treated for problem alcohol use, with 48% reporting as new cases: 3,668 (52% as outpatient; 39% as residential). This may indicate a significant shortfall in the capacity of available services to manage the underlying demand for treatment.

A parliamentary question (PQ 38989/16) in Dec 2016, identified that only 105 Addiction Service Counsellors were available throughout the nine HSE Community Healthcare Organisation and that the average waiting time was over 5 weeks; an individual seeking assistance with alcohol dependency cannot be expected to wait such a time.

Each Primary Care Team could be served by an *Enhanced Alcohol Treatment Team*, embracing current capacity, who can provide an integrated range of preventative, therapeutic and rehabilitation services to meet the needs of those who seek support with alcohol dependency in a timely manner.

Projected annual cost: €16m

Each tertiary hospital, within the seven Hospital Groups that make up the HSE acute hospital division, could have an *Alcohol Liaison Nurse*.

An Alcohol Liaison Nurse can assess the presence of alcohol use disorder, advise on withdrawal protocols, motivate action, undertake brief intervention, and collaborate with community-based addiction services.

Currently, Ireland's acute hospitals have over 10% of their beds occupied with patients suffering alcohol related illnesses and 30% of ED admissions are alcohol related.

Projected annual cost: €1.8m

Tax relief for health expenses

Furthermore, by way of supporting those who seek or require problem alcohol use intervention as a residential treatment programme, Alcohol Action Ireland would advise that such incurred private health expenses qualify for tax relief at the upper 40% rate rather than the current standard rate at 20%.

⁹ http://www.hrb.ie/fileadmin/publications_files/Alcohol_in_Ireland_consumption_harm_cost_and_policy_response.pdf



4. Immediate commencement of 'Minimum price for alcohol products' (Section 11; Public Health (Alcohol) Bill, on enactment.

Minimum Unit Pricing be commenced immediately on enactment of Public Health (Alcohol) Bill.

Alcohol Action Ireland would advise, notwithstanding the imminent threats that Brexit may pose and uncertainty surrounding the recommencement of an administration in Northern Ireland, that the process of establishing Minimum Price for alcohol products (Minimum Unit Pricing (MUP): Section 11; Public Health Alcohol Bill) would be commenced immediately on the enactment of the Bill this autumn.

The significant and growing trend of consumer choice towards alcohol products purchase in the Off Trade, as highlighted earlier in our submission, and at such enhanced affordability, make the intended consequences of MUP – reducing alcohol consumption – a matter of some urgency.

Early indication from the Scottish jurisdiction, who introduced MUP in May 2018, suggest a real and present impact on reducing levels of consumption, particularly in beer and cider sales.

A new law introducing a minimum price for alcohol in Wales has been granted Royal Assent and is currently expected to come into force during the summer of 2019.

The Public Health (Alcohol) Bill, 2015.

Since its inception, Alcohol Action Ireland has been a leading advocate for the evidence based, policy approach that is the foundation of this Bill. Over the last three years (1000 days) since its introduction to the Oireachtas, AAI have consistently supported the fundamental principles underpinning this progressive legislative framework.

We commend the Government's steadfast commitment to the principles of such an innovative approach to protecting public health and reaffirm our commitment to support its endeavour to conclude the legislation's passage, and enactment, in the forthcoming Autumn session of the Oireachtas.

It remains our strong belief that these measures, taken cohesively together, will provide a practical, pragmatic means to achieving a reduction in alcohol consumption so reducing alcohol harms and the related socio-economic impact.



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