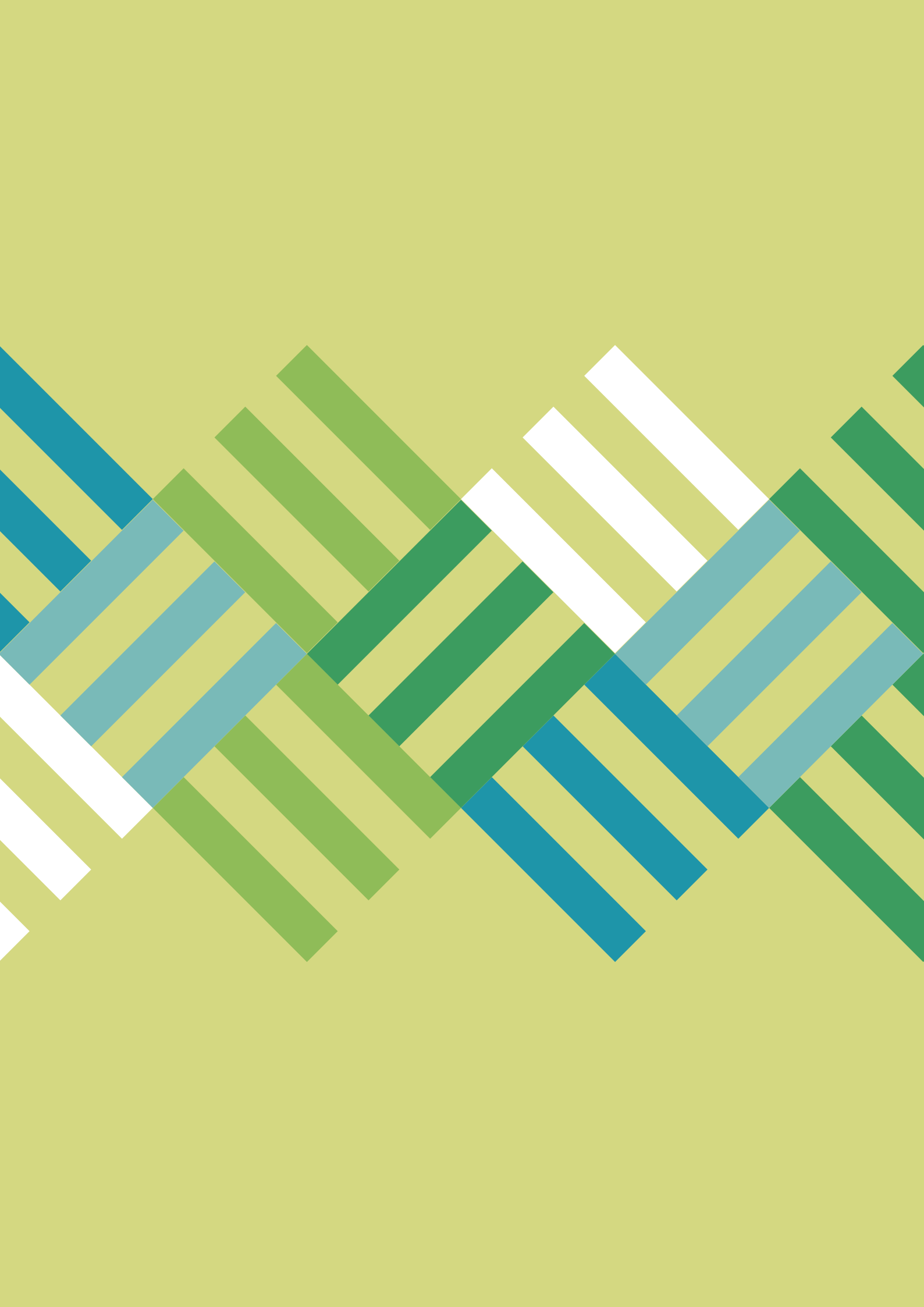


**Pre-Budget Submission: 2020**





## 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 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) Act.

AAI act as a consultant advisor to 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 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 2020

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 of Ireland's 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 workdays 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 years old children in Ireland have been drunk in their lifetime.

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

One in six children's lives 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 for extra hours worked/€76.7m days off work).

This Pre-Budget submission seeks to advise the Minister's consideration of Budget 2020 on four 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. 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 including increasing the cost of renewing annual licence charges to raise revenues for preventative and treatment activities.
4. The immediate commencement of 'Minimum price for alcohol products' (Section 11; Public Health (Alcohol) Act, 2018).

Each of these matters are central to WHO policy options and interventions to reducing alcohol consumption.<sup>1</sup>

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1 [https://www.who.int/substance\\_abuse/msbalcstragegy.pdf](https://www.who.int/substance_abuse/msbalcstragegy.pdf)



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

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

Annual Alcohol consumption in Ireland 2013-18 as litres per capita (>15 yrs old)

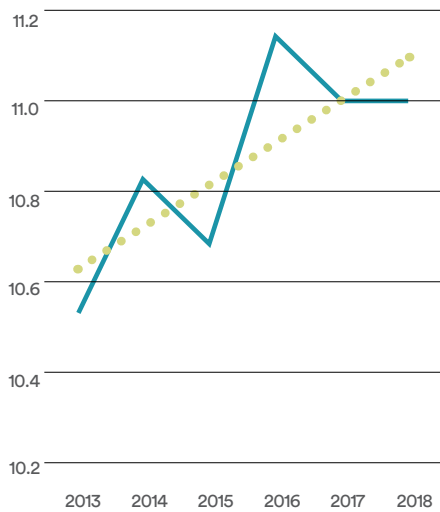


Figure 1: Underlying Alcohol Consumption pattern Ireland 2013-18.

Analysis of Revenue data demonstrates that alcohol consumption since 2013 has steadily risen from 10.5 litres to 11, reflecting the continuing 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). The objective of the Department of Health as expressed in the Public Health Alcohol Act 2018 is to reduce Ireland’s alcohol consumption to 9.1 litres per capita.

Additionally, the Alcohol Action Ireland Market Review and Price Survey 2019, conducted in July 2019 demonstrates the affordability of alcohol products to Irish consumers. This enhanced affordability is underpinned by analysis of the CSO data highlighting that Ireland is spending less to purchase more alcohol.<sup>2</sup>

Industry sales data through 2019 equally demonstrates rising sales receipts across spirits, beers and wine products.

Excise rates have remained unchanged since 2013, and in the period since the turn of the new century, there have 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 22.2%.

In their Budget perspectives 2020 Paper 2 the ESRI outline that: In the absence of indexation, indirect taxes calculated as a nominal amount per commodity unit will result in a real fall in such taxes as prices rise, a situation known as fiscal boost. In order to keep these nominal indirect taxes at a constant rate relative to the commodity price, indexation of such taxes in line with prices would be a natural approach.<sup>3</sup>

With evidence of persistent high-level consumption patterns and enhanced affordability, Alcohol Action Ireland urges that Budget 2020 will at best retain existing excise duties on alcohol products, and/or, give due consideration to the introduction of a cost-of-living index to excise rates from 2021.



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



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

<sup>2</sup> <https://www.cso.ie/en/statistics/nationalaccounts/nationalincomeandexpenditureannualresults/>  
<sup>3</sup> Assessing the distributional impact of budgetary policy the role of benchmarks and indexation. ESRI: BUDGET PERSPECTIVES 2020 PAPER 2. June 2019

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

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**€24.236m foregone in excise duties as relief on Alcohol Products Tax grows to €5.789m in 2018 to craft breweries.**

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**Enterprise Ireland, and Local Enterprises Offices investment in alcohol industry - €3.82m awarded to alcohol enterprises between 2015-2017.**





Health Ireland 2019

Since the introduction of relief from Alcohol Products Tax (APT) available to beer produced in qualifying microbreweries, the Exchequer has afforded the microbrewing sector a subsidy (tax foregone) of €24.236m.

The micro-brewery/distillery sector received significant state support with the enactment of the Intoxicating Liquor (Breweries and Distilleries) Act 2018. This encouraged even greater availability of alcohol products by establishing a new form of special licence for the sale of alcohol products **direct from breweries and distilleries.**

**We advise that Budget 2020 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, such as those selected by Enterprise Ireland and Local Enterprise Offices, should be placed in business enterprises more conducive to the objectives of Healthy Ireland<sup>4</sup> and better public health outcomes.**

On a wider EU perspective, Alcohol Action Ireland would like to highlight the level of wine promotion subsidies afforded to the alcohol industry through the Common Agriculture Policy. The CAP dedicates significant resources – over €1.1billion – to support the wine sector. Almost 20% of this funding is spent on promoting wines – an average €250 million per year.<sup>5</sup>

The EU Commission has presented its proposal for a CAP-reform process for the next funding period 2021-2027, and the proposal has been repeatedly discussed in the Council of Ministers and the European Parliament.

Alcohol Action Ireland would propose that a continuance of such a subsidy is counter to public health objectives and would urge Irish Ministers at Council to advocate for better deployment of public resources.

4 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.healthyireland.ie/>

5 <https://www.eurocare.org/media/GENERAL/docs/reports/europesbillioneurowinespillage.pdf>

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

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**2% Social Responsibility Levy could yield €76m to the Exchequer.**

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**Increase to annual Off Licence renewal could yield €3.67m**

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Establish an Annual 'Youth Recreational Activities' allowance.

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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

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Allow residential treatment health expenses qualify for tax relief at Upper 40% rate.

The Alcohol Action Ireland *Market Review and Price Survey, 2019*<sup>6</sup>, assessed the domestic 2017 Off-Trade market at €3.8bn.

The Central Statistics Office (CSO) most recent data from the National Income and Expenditure Annual Results 2017, published in July 2019<sup>7</sup>, has determined the total Consumption of Personal Income on Alcohol Beverages (incl. pubs) was €7.45 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 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.<sup>8</sup>

In this context, we believe it is reasonable to estimate the value of the **2018 Off-Trade market** in Ireland at **€3.8 billion**.

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

The following table demonstrates what a modest levy on these sales (2018 market value assessment), applied as a 'Lid Levy' or Social Responsibility Levy" could yield annually:

|    |      |
|----|------|
| 1% | €38m |
| 2% | €76m |

Additionally, AAI repeat our 2019 advice 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.**

**Night-time economy developments.**

Alcohol Action Ireland note commentary emanating from government on possible consideration of stimulating the night-time economy and a possible reviewing licensing laws.

Alcohol Action Ireland recommend that there would be no change to the existing fees structure for Special Exemption Orders issued through the Courts Service.

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

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

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

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

## Initiative One: Healthy Children

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### Establish an Annual 'Youth Recreational Activities' allowance

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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-year-olds have taken alcohol and one third will have experienced being drunk<sup>9</sup>.

Following the innovation of Iceland<sup>10</sup>, 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.<sup>11</sup>

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

In Ireland, if every child 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 of informed advocates for change could be established.

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9 ESPAD Study 2015.

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

11 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

### **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.

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)<sup>12</sup>, 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 Ireland Reform whose work highlights the capacity issues within existing services and the need for greater numbers of psychologists within the primary care system.<sup>13</sup>

Furthermore, we endorse a key recommendation within the Slaintecare Report (Oireachtas: 2017) that “an additional €6.5M be made available to extend counselling in primary care”.<sup>14</sup>

#### **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 2013<sup>15</sup>. International studies suggest that only 10% at any one time is 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 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.


**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 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%.**

<sup>12</sup> <https://www.hse.ie/eng/services/news/media/pressrel/hse-report-reveals-the-untold-story-of-the-harms-caused-by-other-peoples-drinking.html>

<sup>13</sup> <https://www.mentalhealthreform.ie/news/end-the-decades-of-neglect-invest-in-mental-health-in-budget-2019/>

<sup>14</sup> <https://webarchive.oireachtas.ie/parliament/media/committees/futureofhealthcare/oireachtas-committee-on-the-future-of-healthcare-slaintecare-report-300517.pdf>

<sup>15</sup> [http://www.hrb.ie/fileadmin/publications\\_files/Alcohol\\_in\\_Ireland\\_consumption\\_harm\\_cost\\_and\\_policy\\_response.pdf](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) Act).

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**Minimum Unit Pricing (MUP) be commenced immediately**

Alcohol Action Ireland would advise, notwithstanding the imminent challenge 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 (Section 11, Public Health Alcohol Act, 2018) be commenced immediately.

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.

Early indication from the Scottish jurisdiction, which introduced MUP in May 2018, suggests a real and present impact on reducing levels of consumption and effecting compliance across the retail sector.<sup>16</sup>

A new law introducing a minimum price for alcohol in Wales has been passed by the Welsh Assembly and is currently before the EU Commission for consideration.

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<sup>16</sup> <http://www.healthscotland.scot/media/2659/minimum-unit-pricing-for-alcohol-evaluation-compliance-study-executive-summary-english-july2019.pdf>



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