



AlcoholAction
Ireland

Pre-Budget Submission
Budget 2023

JULY 2022

Alcohol Action Ireland (AAI) is the national independent advocate working to reduce harm from alcohol.

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. AAI is a member of the Public Health Alcohol Research Group established by the Minister for Health in Ireland to advise on evaluation research.

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.

Our view on Budget 2023.

This Pre-Budget submission seeks to advise the Ministers' consideration of Budget 2023 on two important matters:

The need, as a minimum, the retention of existing excise rates and consideration of linking excise rates to the consumer price index, and

The necessity to establish viable multi-annual funding streams via specific alcohol harm levies on alcohol sales and producers that can establish or expand:

- Primary Care mental health services to meet the needs of both children and adults
- Primary Care alcohol use disorders interventions
- Alcohol Treatment services, and
- Resource a dedicated *Office for Alcohol Harm Reduction*, after undertaking a systematic review.

Overview of the harm and the social and economic burden from alcohol.

The Health Research Board findings from the National Drug and Alcohol Survey 2019/20, published in July 2021(i), highlight that 578,000 people in Ireland have an Alcohol Use Disorder (AUD) – a prevalence rate of 14.8% in the general adult population.

An estimated:

90,000 with *severe* Alcohol Use Disorder

155,000 with *moderate* Alcohol Use Disorder

333,000 with *mild* Alcohol Use Disorder.

Among younger drinkers, aged 15-24, the highest prevalence of AUD was observed – 38% of all drinkers in this age group, an estimated 45,000 young men and women's lives already victims of Ireland's most common drug.

According to the Health Research Board's data on alcohol treatment services, 2021, only **3,018** people of new presentations gained access to alcohol treatment services last year. (ii)

Amongst children (10 to 17 years old) over 87,000 children -that's larger than a packed Croke Park – have drunk within the last month.

The likely loss of so much human potential – creative, entrepreneurial and innovation, from such alcohol use, has a profound impact on our economy and society.

The **OECD** (iii) has estimated, based on Ireland's current use of alcohol, that the burden of health care costs alone will consume 4.1% of our health expenditure and that, consequently, Ireland's GDP is likely to be 1.9% lower on average between now and 2050.

(i) Mongan D, Millar SR, and Galvin B (2021) The 2019-20 Irish National Drug and Alcohol Survey: Main Findings. Dublin: Health Research Board.

(ii) <https://www.hrb.ie/data-collections-evidence/alcohol-and-drug-treatment/latest-data/>

(iii) Preventing Harmful Alcohol Use OECD 2021

Analysis within the OECD report '*Preventing Harmful Alcohol Use*' (2021), highlights the causal link between alcohol use in school aged children and antisocial behaviour problems, lower class participation and reduced educational performance.

A recent paper prepared by IGEES staff in the Department of Health and the Department of Public Expenditure and Reform (iv), states:

"Previous estimates of the societal cost of problem alcohol use have produced estimates ranging from €2.4 to €3.7 billion per year, with annual healthcare costs alone having been estimated at between €0.8 and €1.5 billion."

(iv) Spending Review 2021; Focused Policy Assessment of Reducing Harm, Supporting Recovery: An analysis of expenditure and performance in the area of drug and alcohol misuse.

Affordability of alcohol products

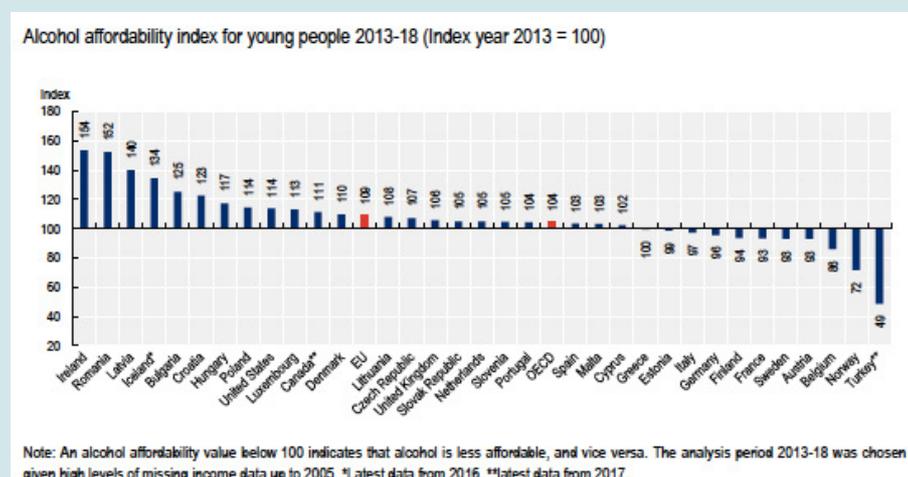
The introduction of minimum pricing for alcohol products, commenced by the Minister for Health (S.I. No. 230, 2021) since 4th January, 2022, has reduced the affordability of alcohol products from the off-trade.

The ongoing inflationary pressures have also contributed to reducing alcohol affordability with the latest CSO data on CPI indicating while the annual inflation rate is now at 9.1%, pricing of alcohol products are marginally above at 9.4% (+0.3%). The increase of alcohol products was signalled by major global alcohol producers earlier this year as energy, transport and distribution costs were globally impacting on their production costs.

Alcohol remains a discretionary, non -essential, good.

While Eurostat data shows the cost for alcohol in Ireland is the 2nd highest within the Eurozone (Ireland is 1st for non-alcohol products; 2nd for food; 3rd for Bread; 4th for potatoes and 5th for eggs), the **affordability of alcohol** in Ireland was confirmed in the OECD’s Alcohol Affordability Index 2000-2018 (v), which reports Ireland’s index at 210, the second most affordable index among OECD members, with a notable decline in the relative price of alcohol to consumers over the period 2013-18.

The OECD also notes that Ireland is the country with the highest level of alcohol affordability for young people aged 16-24 years.



(v) Preventing Harmful Alcohol Use. OECD, 2021.

Alcohol use patterns

Provisional alcohol duty clearances and receipts for 2021, from Revenue, indicates a 4.7% reduction in overall alcohol use for the full year 2021 compared to 2020.

This provisional data demonstrates that despite the impact of COVID restrictions, alcohol sales remained quite buoyant, particularly from the retail sector where alcohol was exceptionally affordable.

Latest data suggests a possible readjustment in alcohol patterns, and that *potentially*, after a decade of awareness raising of the harm from alcohol and the early impact of some provisions of the Public Health Alcohol Act, 2018, Ireland is beginning to recalibrate its alcohol use.

With 2022 being the first year of full operation for a number of measures but specifically minimum unit pricing, AAI is hopeful of steady progress to obtaining the stated public health alcohol objectives of a 20% reduction in alcohol use across the whole of population and the subsequent reduction in alcohol related harm. However, it should be noted that with the reopening of society after Covid-19 restrictions there may be considerable flux in drinking patterns.

1. Excise Rates

Excise rates have remained unchanged since 2013, and in the period since 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 41.3% (CSO) (vi)

The OECD in its report 'Preventing Harmful Alcohol Use' 2021 highlights the impact of not having alcohol excise tax adjusted for inflation: *"The impact of an alcohol excise tax decreases over time if it is not adjusted for inflation. Failing to adjust for inflation can exacerbate existing health inequalities"* (vii)

The OECD report shows that one-fifth of all OECD countries periodically adjust alcohol taxes for all beverage types. Four Member States of the European Union: Italy, France, Spain and Belgium, have alcohol taxes adjusted for inflation and all hold a significantly lower index of alcohol affordability than Ireland. Each of these countries also have lower alcohol use per capita than Ireland.

With evidence of persistent harmful alcohol use and enhanced affordability, Alcohol Action Ireland advises the Minister in completing Budget 2023 to:

**Make no reduction of existing excise duties on alcohol products, and
Introduce a Consumer Price/Inflation Index to alcohol excise rates from 2023.**

While this action would only marginally improve state receipts, especially at a time when additional income is required, it will, overtime when married with the introduction of minimum pricing for alcohol products (Jan 2022), begin a process to reduce the affordability of alcohol.

Our advice to the Minister, echoes policy guidance outlined in the ESRI's Budget Perspectives 2022 Paper 1 who outline that 'there is a strong argument for setting taxes at a level determined by their cost to society'. (viii)

In Ireland, alcohol harm, in simple financial costs, is estimated at between €2.4 to €3.7 billion annually; the economic cost of harm to others is estimated at a further €863 million, while the attributable cost of Adverse Childhood Experience from alcohol use is estimated at a further 0.65% of GDP. (ix)

Excise duties yielded €1.2 billion in 2020.

(viii) ESRI Budget Perspective 2022 Paper 1; Options for raising tax revenue in Ireland. May 2021.

(ix) Bellis et al, Life course health consequences and associated annual costs of adverse childhood experiences across Europe and North America: a systematic review and meta-analysis. *Lancet Public Health* . 2019 Oct;4(10):e517-e528.

2. Establish alcohol harm levies on specific aspects of the alcohol market to establish annual income streams for coherent alcohol initiatives and programmes.

In recent Pre-Budget submissions, Alcohol Action Ireland has consistently advocated for the introduction of some form of meaningful levy on alcohol sales, with accumulating revenue providing multi-year funding for various initiatives across a variety of alcohol prevention programmes and interventions.

The Central Statistics Office (CSO) revised data from the National Income and Expenditure Annual Results 2019, (July 2021), has determined the total Consumption of Personal Income on Alcohol Beverages (incl. pubs) was €7.651 billion.

The CSO in July 2022 reported that Consumption of Personal Income at Current Market Prices on Alcoholic beverages (off-trade alcohol sales only) was €2.505 billion.

Alcohol Action believe, mindful of the +3.3% increase in alcohol excise receipts for Q1, 2022, viz 2019 receipts, that 2022 Consumption of Personal Income on alcohol beverages (On and Off Trade) will likely exceed the 2019 universal figure of €7.651bn (€147m per week).

We also note the intention of government policy, as indicated by the Minister for Justice, to further liberalise the availability of alcohol and advance legislation in the autumn.

Mindful of the advice of both the OECD and the ESRI, the excise receipts on alcohol products - €1.2 billion, is insufficient to compensate for the social and economic loss to the wider society from alcohol harm. Furthermore, these duties are borne by the consumer and not the industry, or enterprise, who profit from the harms affected.

In this respect, Alcohol Action believes adequate levies must be considered on all alcohol economic operators, so that compensatory funding can be raised to ensure there is an adequate public policy response with timely service response to the prevent and address alcohol related harms.

Source of public income

Alcohol Action proposes that direct levies should be placed on the sale of alcohol. Recognising the scale of purchase between the On-Trade (35%) and Off-Trade (65%), we propose that **a social responsibility levy** of 1% on the On-trade, and 2% on the Off-Trade, should be examined.

Calculating against 2019 data (a full trading year pre-COVID restrictions) **this type of levy could raise over €100m - €54.4m from the On Trade and €50m from the Off-Trade, using 2021 CSO data.**

Additionally, and mindful that government is now certain to pursue a significant modernisation of licensing laws and application processes, we believe an appropriate revised fee/levy should also be placed on the applicant and holder of any alcohol licence. These fees must reflect the related harm and the impact on public health services stimulated by even greater availability of alcohol, including more accident and assault presentations to our Emergency Departments, demand for paramedic services and additional policing resources to maintain public order.

Given the volume of potential licence holders, both On and Off Trade, a yield of **€10m** is possible.

This approach to annual funding could address many deficiencies evident in our public services and ensure stable operational environment for services providers with clarity on multi-annual funding.

Supporting Recovery

Primary Care must increase its investment in mental health to meet the needs of both children and adults

Alcohol Action Ireland, through our Silent Voices initiative, aims to help those impacted by parental problem alcohol use 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 problem alcohol use has on children.

There are 10,500 children awaiting primary care psychology and 4,000 of them are waiting over a year. (x)

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

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.

Projected cost: The allocation of a further **€20m** from the possible additional revenues identified would contribute to stabilising existing services, support alleviating the unacceptably high waiting lists Child and Adolescent Mental Health Services and establishing trauma specific services required.

(x) https://www.oireachtas.ie/en/debates/debate/dail/2022-07-07/33/#spk_256

Invest in specific Primary Care alcohol use disorders intervention and tertiary hospital alcohol liaison nurse(s).

Enhanced Alcohol Intervention at Primary Care

In line with the policy direction of Sláintecare, AAI believe each Primary Care Team (193 PCT) across the nine Community Health Organisation (CHO) should be served by an Enhanced Alcohol Intervention approach, led by a Alcohol Use Disorder professional who, in collaborating with and strengthening current capacity, and liaising with Alcohol Liaison Nurse within the acute hospitals and competent community based services, can provide targeted interventions, therapeutic and rehabilitation services to meet the needs of those who seek support with alcohol use disorders in a timely manner at a community level.

Projected annual cost: **€16m**

Alcohol Liaison Nurse

The HSE is recruiting to have an Alcohol Liaison Nurse within each Hospital Group. This is a welcome development, however it is insufficient to the needs presenting.

AAI believe that each of the 48 public-sector hospitals, which are managed by the Health Service Executive (HSE), and who make up the HSE acute hospital division, should have a dedicated Alcohol Liaison Nurse post.

Projected annual cost: **€3m**

The appointment of ALNs should be considered a precursor to the formation of Alcohol Care Teams (ACTS). Alcohol Care Teams, are consultant-led, multidisciplinary and patient centred teams with integrated alcohol treatment pathways across primary, secondary and community care.

They can reduce acute hospital admissions, readmission and mortality, improve the quality and efficiency of alcohol and have multiple evidence-bases, cost-effective and aspirational components. With coordinated alcohol policies for emergency departments and acute medical units, a 7-day alcohol specific nurse service, addiction and liaison psychiatry services, an alcohol assertive outreach team and consultant hepatologists and gastroenterologists with liver disease expertise they facilitate collaborative, person centred care.

In the UK, ACTs were a cost-effective option for NHS Sustainability and Transformation Partnerships to reduce harm. Moreover, ACTs, alcohol assertive outreach teams (AAOTs) and specialist treatment for dependent drinkers were cost-effective; every £1 invested brings an annual return of £3, which rises to £26 over 10 years. (xi)

(xi) Moriarty KJ. Alcohol care teams: where are we now? *Frontline Gastroenterol.* 2019;11(4):293-302. Published 2019 Aug 14. doi:10.1136/flgastro-2019-101241

Alcohol Treatment Services

Given the paucity of timely services available to those likely debilitated by severe Alcohol Use Disorder, Alcohol Action believes funding should be made available for **an additional 5,000** (Tier Three/Four) places. With 90,000 people experiencing a severe alcohol use disorder, and adopting an international norm that suggests 10% of this cohort at any one time is likely to seek timely assistance, the immediate capacity requirement is likely to be closer to 9,000 annual presentations. This additional capacity, coupled with the existing capacity that manages only 3,018 new presentations, would ensure that a timely, local response is available to address an immediate requirement.

Projected annual cost: **€35m**

Office for Alcohol Harm Reduction

Given the continuing, largely preventable, poor outcomes from alcohol use in Ireland, and the disparate approach adopted by the State and its agencies to meaningfully address either intervention or prevention, or provide adequate timely treatment services or programmes for those impacted from harm to others, Alcohol Action believes it is the appropriate time to examine the establishment of an Office, similar to that undertaken for Tobacco, or indeed Road Safety, which has led to significantly better public outcomes.

The OECD in July 2021 highlighted the return in investment from meaningful interventions and preventative programmes on harmful alcohol use: **for every €1 invested in the policy initiatives, €16 are returned in benefits.** This reaffirms the advice of the World Health Organisation.

The establishment of a dedicated Alcohol Office, within an enhanced public health function, would drive policy formation and public health objectives; act as a catalyst to craft a whole-of-government approach to alcohol related harms, motivate societal behavioural change through greater awareness and education campaigning, and improve health literacy on issues of risk from alcohol use.

Equally, as the AAI report 'Alcohol Treatment Services in Ireland' (June 2021) highlights there is a requirement to reassess the public approach to alcohol treatment services. We recommended the development of a trauma-informed national strategy regarding delivery of the best possible treatment to people accessing alcohol treatment services, including aspects such as models of care and integrated mental health. This is now essential.

In this regard, *'Spending Review 2021; Focused Policy Assessment of Reducing Harm, Supporting Recovery: An analysis of expenditure and performance in the area of drug and alcohol misuse'* from the Department of Health, and Public Expenditure & Reform, is an instructive report. And while it endeavours to report the efficacy for public monies spent, it neglects to place that significant spend against the specific human scale of the public health crisis emanating from persistent harmful alcohol use across the whole-of-population.

Alcohol remains Ireland's most common used drug: 2.9 million alcohol users of whom, 40 in 100, engage in monthly binge drinking. Significant public monies are being allocated to a public health problem - Drug and Alcohol Misuse:

"It is estimated that labelled expenditure on drug and alcohol misuse in Ireland exceeds €200 million per year. HSE Addiction Services accounted for over €100 millions of labelled expenditure in 2019." (xii)

Yet, chronic poor public health outcomes - an estimated four alcohol related deaths every day - show little sign of improvement.

(xii) Spending Review 2021; Focused Policy Assessment of Reducing Harm, Supporting Recovery: An analysis of expenditure and performance in the area of drug and alcohol misuse. Irish Government Economic and Evaluation Service. Department of Health, Public Expenditure and Reform.

AAI believe it is essential to assess the efficiency of any spend to address a societal problem that has:
578,000 citizens reporting prevalence of alcohol use disorders;
200,000 children living every day with the chaos of parental problem alcohol use and tragically, thousands of lives lost, cut all too soon, many of which were simply preventable.

At a meeting of the Oireachtas Health Committee in Oct 2021, when addressing the matter of accountability for service, budgets and clinical outcomes, the Minister for Health, commented:

One of the huge gaps that I have seen in the system... is a lack of data. We can have all the legal structures and legislation we want ... but without the data, we cannot hold anyone to account.

In this context, we advise that the Ministers for Finance and Public Expenditure & Reform, in consultation with the Minister for Health, would undertake a systematic review of the impact of Ireland's alcohol use, determining a definitive social and economic cost and assessing the efficacy of current spending.

The findings of this process would inform the establishment of a dedicated resource, likely within the Department of Health (or a defined Public Health entity), capable of efficiently and innovatively addressing Ireland's biggest drug problem, alcohol use.

Our proposition on gathering annual funding through levies, which are commensurate with the scale of alcohol related harm, indicates the financial resources required for such an Office is feasible and requires no new or additional Exchequer funding.

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