Budget Decisions for a Healthier Ireland

PRE-BUDGET SUBMISSION

September 2017
Contents

Investing in Ireland’s health............................................................................................................. 2
Homelessness and health and social care must be a priority in Budget 2018......................... 3
Homelessness and ill-health and addiction...................................................................................... 4
A strategy to support the health of homeless people in Ireland............................................. 5
Tackling the hospital system crisis................................................................................................. 6
Implement the Sláintecare recommendations ............................................................................. 7
Address staff recruitment, retention and morale issues ........................................................... 8
Fiscal measures to keep people well and reduce ill-health....................................................... 9
The healthcare burden of chronic disease.................................................................................... 11
The economic case for promoting health and preventing disease........................................... 12
Recommendations for Budget 2018............................................................................................. 14
Alcohol........................................................................................................................................... 16
Tobacco smoking............................................................................................................................. 18
Physical Activity............................................................................................................................... 20
References....................................................................................................................................... 21
Investing in Ireland’s health

Budget 2018 provides an opportunity to take strategic decisions to invest in improving the health of the nation and to relieve the pressures on our health services. The Royal College of Physicians of Ireland, which represents more than 11,000 doctors and specialists working mostly in hospitals in every constituency and corner of Ireland, is calling on the Government to resource a comprehensive strategy on homelessness and health and social care in Budget 2018.

More broadly, it is also calling on the Government to provide for the implementation of long-term health system reforms and public health measures that can begin to improve patient care and support our population to live healthier lives. Homelessness is a prime example of the need for health services that can meet multiple complex needs such as mental health, addiction, chronic medical conditions and personality disorders.

Crisis management will not and cannot resolve the fundamental problems in our health services. It is time to take action to invest in Ireland’s health. Reform of the health system and fiscal measures to support a healthy population must be an integral part of Budget 2018.
Homelessness and health and social care must be a priority in Budget 2018

The Royal College of Physicians of Ireland is gravely concerned about the extent of homelessness in Ireland. The provision of adequate social housing is the key health intervention that is immediately required.

Other critical issues for homelessness are the need to address the health and social care needs of the men, women and children who are currently affected, as well as those who are at risk of becoming homeless.

There is also a critical need to recognize the severe effects that homelessness has on health, and that the lack of housing is leading to ill-health and preventable hospital admissions, morbidity and mortality and significantly increasing the demand for access to the health services from those who are homeless.

In this pre-Budget submission, the Royal College of Physicians of Ireland is calling on the Government to make provision for the development and implementation of a coordinated, resourced national strategy for the health of our homeless population and those who are vulnerable to becoming homeless.

The 2011 Programme for Government committed to end long-term homelessness and the need to sleep rough. These goals were to be achieved by building on the 2008 National Strategy, The Way Home: A Strategy to Address Adult Homelessness in Ireland. A ‘housing first’ approach was promised in which the provision of suitable, affordable accommodation for people at risk of homelessness was to be prioritised.

The Dublin Region Homeless Executive (DRHE) reported that 4,391 adults accessed emergency accommodation in the first quarter (Q1) of 2017. Of these, 16% were presenting for the first time - an average of 7.9 new people presenting per day over that period. The number of adults accessing emergency accommodation has almost doubled in the 3 years to Q1 2017. At the end of the quarter, a total of 1,069 families – comprising 1,426 adults and 2,134 dependent children - were residing in emergency accommodation.

Those with chronic mental illness, intellectual disability, traumatic brain injuries and dementia are more likely to become homeless where there is an inadequate supply of public housing.
There is no single pathway into homelessness. The fundamental issues of poverty and inequity which are driving individuals and families into homelessness, and which have precipitated this current crisis, must be addressed. There is a housing emergency and a housing-led approach is required. There is an urgent need to build more houses and address rising rents.

In a situation in which there is an inadequate supply of public housing, the most vulnerable individuals will become homeless first. Individuals with chronic mental illness, intellectual disability, traumatic brain injuries and dementia are more likely to become homeless. In addition, individuals who have experienced severe abuse and/or neglect and/or institutional care in childhood are at high risk of becoming homeless.

A substantial proportion of homeless people in Ireland today have ended up – and remain – in that position because of ill-health and addiction

Homelessness and ill-health and addiction

A substantial proportion of homeless people in Ireland today have ended up – and remain – in that position because of ill-health and addiction. A 2013 survey, by the Partnership for Health Equity, of 600 people living in emergency accommodation in Dublin and Limerick reported that in 40% of cases drug or alcohol misuse was the main reason for homelessness. The proportion of the homeless population who identified themselves as active drug users increased from 23% of a study cohort in 2005 to 54% in the 2013 survey.

Health services for those who are homeless are provided either directly by the HSE or through a range of partner organisations in the community/voluntary sector who receive ‘Section 39’ funding. Such funding may find itself squeezed by the high profile and ever expanding demands of acute provision.

The interplay between health and homelessness was acknowledged by the DRHE when it published its Homeless Action Plan Framework for Dublin in 2014; this noted that “a critical issue for homelessness in Dublin is the need to address (the) health and social care needs of the population concerned”. This need was to be met by aligning the Homeless Action Plan Framework with Healthy Ireland, our national framework for health and wellbeing, and a number of other important strategies including ‘A vision for change’ and ‘Ireland’s National Drug Strategy (interim, 2009-2016)’. 
Unfortunately, despite these commitments, there remains a lack of an overarching plan with respect to the health of homeless people in Ireland. The solution to this problem is the development and implementation of a coordinated, resourced national strategy for the health of the homeless population which has cross departmental buy-in at Government level and which adheres to the principles set out in Healthy Ireland.

A strategy to support the health of homeless people in Ireland

The Royal College of Physicians of Ireland is calling for a coherent strategy that is properly resourced to alleviate and prevent homelessness due to ill-health and addiction.

This strategy should encompass and address the following elements:

1. **Housing is the key health intervention for homeless people**
   
   Providing and resourcing an adequate supply of housing is the most important intervention for homeless people.

2. **Prevention and alleviation of homelessness at the population level.**
   
   *Healthy Ireland* has been framed as the mechanism through which primary prevention of homelessness as a consequence of ill-health can be avoided at the population level. The actions taken under *Healthy Ireland* should be reviewed with regard to their effect on the health of those at risk of, or currently experiencing homelessness. In addition, *Healthy Ireland* must be integrated horizontally across government departments and the health of our homeless must no longer be seen as the sole domain of the Department of Health and the HSE.

3. **Prevention and alleviation of homelessness by supporting vulnerable individuals and families.**
   
   A 5 year plan for funding, organisation and joint working across these services should be developed. The funding mechanisms for homelessness and health should be evaluated, together with a review of the services provided by the HSE and organisations funded by it in the community/voluntary sector. Develop national guidance on accessing addiction, mental health and other treatment services by people who are homeless or at risk of becoming homeless (promised as part of the Homeless Strategy National Implementation Plan in 2009).

   Ensure accountability. Key performance indicators against which the health of our homeless population can be measured over time should be identified, implemented and subject to public scrutiny.
Tackling the hospital system crisis

The public healthcare system in Ireland is in a critical state. Excessively long waiting lists, recurrent and worsening trolley waits in emergency departments and ongoing problems in recruiting core medical and nursing staff show the extent of what is now a deep crisis. Despite positive health outcomes, such as a five-year increase in life expectancy in the last 20 years, and the improvement in outcomes for patients with cancer, it is clear that Irish hospitals are charged with carrying out what appears to be an impossible task; to deliver a service to patients while the demands far exceed capacity.

Concern exists that much of this demand may relate to the extent to which patients are referred into secondary and tertiary care with problems that would be better resolved in the primary and community care setting, or spend protracted periods in hospitals after they are fit for discharge. With known demographic trends indicating continued growth in demand, hospitals services as currently structured simply cannot deliver appropriate care without radical change.

Notwithstanding the many major problems facing the Irish health service, there is an opportunity to radically improve the patient experience and outcomes in Irish hospitals and to define their future role in a cohesive Irish health service. Many of the solutions to these problems lie beyond the hospital walls and it is clear that building capacity and capability within the primary and community setting is of the utmost importance.

A critical issue in Ireland is the lack of hospital bed capacity. The number of beds per capita in Ireland is approximately half of that of Germany and 30% less than France. During the last 20 years, the persistent and consistent trolley crisis has demonstrated to us many good initiatives that have appeared to fail because of inadequate capacity. Addressing the shortage of acute hospital beds in Ireland is a matter of great urgency. Such initiatives will have immediate benefits for patient care, patient experience and staff recruitment, retention and morale.

There needs to be changes to the way the entire system is planned and funded to enable it to deliver integrated models of care, for example for older persons and those with chronic disease, at local and primary level as well as in acute settings. Investment is required across the entire continuum of care to reduce the pressures on hospitals. There must be a sustained and meaningful emphasis put on preventing and mitigating ill-health.
**Implement the Sláintecare recommendations**

The Sláintecare Report provides a roadmap for how to reform the health system in a meaningful way and we are calling for provision to be made in Budget 2018 to fund its recommendations, and to provide the investment required for their implementation. In 2017 the Royal College of Physicians of Ireland published *Towards 2026: A vision for patient-centred care* which includes many of the Sláintecare recommendations. There is now a clear consensus about what is required to improve the health services. It’s time to implement these radical reforms and to invest in this transformation, which must be led from the very top of Government.

**Hospital system crisis**
Address staff recruitment, retention and morale issues

Recruitment

In 2016 approximately 20% of approved permanent hospital consultant posts were either vacant or filled on a temporary basis. At the same time there were almost 4,000 fewer nursing and midwifery posts in the health service than in 2008, according to the Irish Nurses and Midwives Organisation figures. By 2025 the predicted shortage of GPs in Ireland will range from 493 to 1380 depending on increased levels of access to free GP care, according to HSE figures. Provision must be made within Budget 2018 to improve the attractiveness of the Irish health system as we are now competing with international health services for doctors and other healthcare professionals. Crucial vacancies must be filled and are an essential part of improving access to and the quality of care for patients.

Retention

In 2017 the Royal College of Physicians of Ireland welcomed 451 new doctors onto its specialist medical training programmes. During their training, these doctors will be working at the frontline in the major hospitals around Ireland as registrars and non-consultant hospital doctors. They are vital to the health system and we hope that many of them will remain working in Ireland on completion of their training.

We are concerned that in 2016 the Medical Council found that 1 in 5 medical trainees intended to either definitely not, or probably not, practice medicine in Ireland for the foreseeable future. Ireland is now competing with international health services for the best medical and nursing staff and this problem is fundamentally linked to a perceived lack of respect for staff.

As a College, we are working hard to support these doctors during their many years of training where they are working in very stressful situations in a healthcare system in crisis. It is clear that for many of these young doctors, other healthcare systems appear to offer better working conditions and this is a factor in their decisions to move abroad, to the great loss of the Irish healthcare system.

“Emigration is a matter of self-preservation. The working conditions...are killing us slowly”.

Qualitative insights into health professional emigration from Ireland 2015. Humphries et al.
Morale

Major, sustained emphasis is needed on strengthening and supporting the people who deliver care and on re-building trust and confidence among the workforce. Implementing the Sláintecare report would trigger the reforms that can improve the experience of patients and those working in the health service. Retention of the best staff will be improved with they are supported to fulfil their roles and responsibilities with appropriate equipment, training, structured and flexible career pathways, a safe, comfortable and effective physical working environment, and a prevailing culture where staff are valued.
Fiscal measures to keep people well and reduce ill-health

The Royal College of Physicians of Ireland calls on the department of Finance and the Department of Public Expenditure and Reform to introduce fiscal measures in Budget 2018 to improve health and wellbeing, in line with their responsibilities under the cross-governmental Healthy Ireland Framework.

<table>
<thead>
<tr>
<th>Keeping People Well - Fiscal Measures required in Budget 2018</th>
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<tbody>
<tr>
<td><strong>1.</strong> A 20% tax on sugar sweetened drinks including juices and sports drinks with the proceeds to be ring-fenced for actions to promote healthier living</td>
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<tr>
<td><strong>2.</strong> Ensure adequate resources are dedicated to implementation of the National Obesity Policy and Action Plan (2016)</td>
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<td><strong>3.</strong> Adoption of the Public Health Alcohol Bill introducing a Minimum Unit Price for Alcohol</td>
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<td><strong>4.</strong> Introduce a social responsibility levy on the alcohol industry.</td>
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<td><strong>5.</strong> Increase excise duties on alcohol products, at least in line with inflation.</td>
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<td><strong>6.</strong> Increase excise duties on tobacco products.</td>
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<td><strong>7.</strong> Introduce an environmental levy on tobacco packs.</td>
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<td><strong>8.</strong> Remove VAT on nicotine replacement therapies.</td>
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<td><strong>9.</strong> Impose price cap regulation on tobacco industry profits.</td>
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<td><strong>10.</strong> Removal by Government of all state investment in the tobacco industry.</td>
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<td><strong>11.</strong> Introduce financial incentives to encourage people to more physically active.</td>
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<td><strong>12.</strong> Ensure adequate resourcing of the National Physical Activity Plan (2015).</td>
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The healthcare burden of chronic disease

Chronic diseases are major drivers of healthcare costs in Ireland and globally. RCPI has highlighted this in its policy statements on Alcohol, Tobacco, Obesity and Physical Activity, and in previous pre-budget submissions. We know that in Ireland, approximately ninety per cent of our total healthcare costs are spent on the 30% of the population with chronic diseases. Many of these diseases are caused or worsened by risk factors such as tobacco use, overweight and obesity, alcohol consumption and physical inactivity.

In the 2016 report Towards 2026, RCPI has once again highlighted the importance of actions to keep people well. If ill-health due to tobacco use, overweight and obesity, alcohol consumption and physical inactivity is not addressed, the health service will be unable to cope with the rise in demand.

<table>
<thead>
<tr>
<th>The healthcare and economic cost of smoking, alcohol, obesity and physical inactivity.</th>
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<tbody>
<tr>
<td>Smoking related healthcare costs</td>
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<tr>
<td></td>
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<tr>
<td>Cost of dealing with inpatients with either a wholly or partially alcohol-attributable condition (2012)</td>
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<tr>
<td></td>
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<tr>
<td>Cost of overweight and obesity (2009)</td>
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<tr>
<td></td>
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<tr>
<td>Cost of physical inactivity</td>
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The economic case for promoting health and preventing disease.

“There is an evidence base from controlled trials and well-designed observational studies on the effectiveness of a wide range of health promotion and disease prevention interventions that address risk factors to health. Moreover, the cost effectiveness of a number of health promotion and disease prevention interventions has been shown in multiple studies. Some of these interventions will be cost saving, but most will generate additional health (and other) benefits for additional costs.”

The above extract is from a WHO European region study published in 2015, which provides an overview of the economic case for investing in different areas of health promotion and prevention of non-communicable disease. The study confirms that taxes to influence individual choices on tobacco and alcohol use and consumption of food are cost effective interventions, with interventions aimed at children having the most potential to be cost effective because of the long timeframe over which benefits can be realised.

The study also found that combinations of actions are more cost-effective than relying on one action alone. This has also been RCPI’s consistent message. There is no single reason why people consume alcohol in a harmful way; no single cause of the obesity epidemic. Likewise there is no single measure that will address these issues. Fiscal measures should be introduced as part of a multiplicity of actions to address the various risk factors and determinants of these health harms.

Since the publication of the Healthy Ireland framework in 2013, Ireland now has a number of comprehensive policy documents which describe the multiplicity of actions necessary to address the risk factors of tobacco smoking, obesity and physical inactivity. We also have a clear direction on reducing alcohol harm through legislative action in the form of the Public Health Alcohol Bill.
Excise duty increases in recent Budgets

The Government and the Department of Finance and the Department of Public Expenditure and Reform have responded positively to some of these recommendations in recent budgets; the most notable being increases in the tax levied on tobacco products.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Increase</th>
<th>Tax content as % of price</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>10c</td>
<td>78.1%</td>
</tr>
<tr>
<td>2014</td>
<td>10c</td>
<td>77.8%</td>
</tr>
<tr>
<td>2015</td>
<td>40c</td>
<td>78.7%</td>
</tr>
<tr>
<td>2016</td>
<td>50c</td>
<td>79.7%</td>
</tr>
<tr>
<td>2017</td>
<td>50c</td>
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</tr>
</tbody>
</table>

Excise duty increases on alcohol in recent Budgets

<table>
<thead>
<tr>
<th>Year</th>
<th>Beer (4.3% ABV Pint)</th>
<th>Still Wine (12.5%)</th>
<th>Spirits (40% ABV glass)</th>
<th>Cider (4.5% ABV Pint)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>38c</td>
<td>€1.97</td>
<td>44c</td>
<td>37c</td>
</tr>
<tr>
<td>2013</td>
<td>47c</td>
<td>€2.78</td>
<td>52c</td>
<td>46c</td>
</tr>
<tr>
<td>2014</td>
<td>55c</td>
<td>€3.19</td>
<td>60c</td>
<td>54c</td>
</tr>
<tr>
<td>2016</td>
<td>No increase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>No increase</td>
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Recommendations for Budget 2018

Sugar sweetened drinks tax

- The Royal College of Physicians of Ireland calls on the government to introduce a tax on sugar sweetened drinks (SSDs), including juices and sports drinks, as planned in the 2016 National Obesity Policy and Action Plan. A volumetric tax is the preferred option and should be set at a rate to achieve a 20% price increase. Studies have shown that only taxes achieving a 10-20% price increase will reduce consumption of sugar sweetened drinks. ivv

- The proceeds of this tax should be ring-fenced and used to promote healthier living and a healthier future for all Irish children.

- We also call on the government to ensure in Budget 2018 and successive budgets that adequate provision is made to resource the implementation of the National Obesity Strategy.

There is ample international scientific evidence to show that that consumption of sugar sweetened drinks is associated with weight gain, type 2 diabetes and is detrimental to oral health. vi vii viii ix x xi xii xiii xiv xv Sugar sweetened drinks have either a very low or no nutritional value. They do not provide a feeling of fullness and as such are consumed in addition to the food people eat. They are not recommended in healthy eating guidelines and the new food pyramid published by the Irish Department of Health in December 2016. xvi

In the Republic of Ireland, over one-third of 15-24 year olds, and over one quarter of 25-44 year olds, drink SSDs at least once a day or most days of the week; 58% of all those aged 15 and over consume SSDs, and over a fifth consume SSDs most days of the week or daily; 86% of 15-24 year olds and 68% of 25-44 year olds drink SSDs. xvii

The World Health Organisation Guidelines on Sugar Intake (2015) recommends that adults and children reduce their intake of free sugars viii to less than 10% of their total energy intake and they suggest that a further reduction to less than 5% of total energy intake would bring significant health benefits. xv To put this into perspective, 5% of total energy intake would be approximately 4 ½ teaspoons (18g) of sugar for a 5 year old child and 7 teaspoons (28 g) of sugar for an adult. xix

A 330 ml can of a full sugar soft drink cola can contain up to almost 9 teaspoons (36g) of sugar, taking a child over their maximum recommended daily intake with no intrinsic nutritional value. In Ireland, sugar sweetened drinks alone have been found to contribute approximately 5% of total energy in children’s diets. xx It will be essential to monitor the consumer behaviour subsequent to the tax being introduced to ensure it has the desired effect and to eliminate any unintended consequences that detract from its effectiveness.
Why RCPI is in favour of a tax on sugar sweetened drinks?

- In Berkeley, a California, one year after a tax on sugar-sweetened beverages was introduced, a study found that prices of SSBs increased in many, but not all, settings, SSB sales declined, and sales of untaxed beverages (especially water) and overall study beverages rose in Berkeley; overall consumer spending per transaction in the stores studied did not rise.

- Where a tax resulting in a 10% price increase was introduced in Mexico, there was a 12% decline in consumption of sugar sweetened beverages. Reduction in consumption was greatest in the poorer socio-economic groups at 17% in December 2014.

- A 20% tax in the UK has been estimated to reduce the prevalence of obesity by 1.3%. A 10% tax in Ireland is predicted to reduce overweight and obesity by 0.7% with the greatest impact in younger adults (2.9% in those aged 18-24).

- Irish research indicates that where taxes are introduced in conjunction with subsidies on healthy food options they would not be regressive, and would have the most benefits for poorer socio-economic groups.

- The Department of Finance has indicated that a 10c increase on a 330 ml drink could yield up to €101.3m and a 20c increase up to €202.6m.

- As part of a suite of measures to address obesity, a tax on sugar sweetened drinks will encourage producers to reduce sugar content in drinks, to market alternatives lower in sugar and to reduce portion sizes for high sugar drinks.

- Such a tax has strong support from the public and from health campaigners nationally and internationally. Recently published results from a consultation on a proposed sugar sweetened drinks levy in the UK indicated that 95% of medical and health bodies and 73% of retailers who responded to the consultation were supportive of the proposals.
Alcohol

- The Royal College of Physicians of Ireland calls for adoption of the Public Health Alcohol Bill introducing a Minimum Unit Price for Alcohol

- We call for an increase in alcohol excise duties at least in line with inflation. This is of particular importance given that no increases were made in the past two budgets.

- We call for introduction of a social responsibility levy on alcohol companies, because currently they do not pay for the downstream consequences of alcohol, which are borne by the taxpayer.

Public Health Alcohol Bill

The Public Health Alcohol Bill was published in 2014 and contains a range of evidence-based measures that target the pricing, availability and marketing of alcohol products – factors that are known to have the greatest impact on harmful drinking. Adoption of this Bill will reduce alcohol consumption, will save lives and reduce the unsustainable burden of alcohol on the health service.

Minimum Unit Pricing (MUP) is a targeted measure which will restrict the sale of the strongest and cheapest alcohol in the off-trade and will reduce the cost to the state of alcohol-related harm. The estimated effects of MUP have been modelled in the Irish context and suggest that MUP would reduce consumption, alcohol related deaths, hospitalisations, crimes and workplace absences. The same modelling also suggests that MUP would be far more effective than a ban on below cost selling. We favour MUP over a ban on below cost selling as it targets the sale of the cheapest alcohol products, which are the favoured drinks of the young drinker and the problem, dependent or addicted drinker.

Alcohol affordability and excise duties

No increases were made to excise duties on alcohol in the past two budgets. Excise duties are used to deter consumption of alcohol products. It has been shown that increases in price and tax changes on alcohol consumption are more effective compared with other prevention policies and programmes. Alcohol consumption is affected by the level of disposable income and if taxation is to be effective then increases in tax are needed in Budget 2018 to keep pace with inflation. These duties and taxes are a real potential to increase exchequer income and improve health, wellbeing and society in Ireland.
Social responsibility levy

A social responsibility levy on the alcohol industry was recommended by the steering group on a National Substance Misuse Strategy in their 2012 report. It was proposed that such a levy would contribute to the cost of social marketing and awareness campaigns and would help fund sporting and other events that provide alternatives to a drinking culture for young people. If MUP is introduced, a social responsibility levy would also allow the State to capture some of the profit that may otherwise accrue to industry. We believe that this is a crucial step to redress the imbalance in Ireland, whereby the alcohol industry has a free hand and huge budget to promote alcohol, whereas those organisations trying to reduce harm are largely unfunded.

Alcohol Action Ireland has estimated that a social responsibility levy of just one cent per Irish standard drink (10 grammes of alcohol) could generate over €30 million annually. A levy would also help to bridge any potential gap in funding if the proposed ban on alcohol sponsorship in sport is introduced.
Tobacco smoking

- The Royal College of Physicians of Ireland recommends a minimum of a 50 cents increase on a packet of 20 cigarettes and a proportionate increase on related products on an annual basis.

- We recommend a reduction of the price differential between roll your own products (RYO) and cigarettes is also a priority.

- We recommend introduction of an environmental levy on tobacco packs.

- We recommend removal/reduction of VAT on nicotine replacement patches.

- We recommend introduction of price cap regulation or a levy on tobacco industry profits.

- We recommend that the Government remove all state investment in the tobacco industry.

Smoking continues to be a major health hazard in Ireland. The 2016 Healthy Ireland survey showed that 23% of the current population are current smokers, with 19% smoking daily. Exposure to second-hand smoke is also an issue, with 18% of the population exposed to second hand smoke on a daily basis. Actions such as the introduction of standardised packaging are positive and we are hopeful that Ireland will see similar reductions in smoking prevalence as has been observed, for example in Australia.

“Australian Treasury figures showed a 3.4% fall in 2013 tobacco consumption when compared with 2012 and a further 7.7% was seen in 2014. The Australian Bureau of Statistics reports that total consumption of tobacco and cigarettes fell to ‘the lowest ever recorded’. The National Drug Household Survey has shown a fall in prevalence between 2010 and 2013 from 15.1% to 12.8%, with smokers smoking less and the average age of the first completed cigarette rising.”

However, if Ireland is to come even close to achieving the Tobacco Free Ireland (2013) target of a smoking prevalence rate of less than 5% by 2025, then fiscal measures including excise duty increases will be key tools to achieve further reductions in smoking prevalence.
**Excise Duty**

RCPI supports the view expressed in Tobacco Free Ireland that both manufactured cigarettes and roll your own (RYO) tobacco should be increased in each budget and that at each budget the opportunity is taken to reduce the differential between manufactured cigarettes and RYO tobacco.

**Environmental levy on tobacco packs**

Tobacco waste is our biggest urban waste issue according to the Department of the Environment. The cost of smoking related littering is estimated at €69 million. The introduction of a levy on tobacco packs will help to balance this economic cost.

**Removal of VAT on Nicotine patches**

In Ireland nicotine products, such as nicotine inhalers, tablets and chewing gum, are categorised as oral medicines and are licensed by the Irish Medicines Board. These products are charged to VAT at the zero-rate. Nicotine replacement patches and electronic cigarettes, however, do not fall into this category of oral medicines and are therefore subject to the standard 23% rate of VAT. 

RCPI believes that Ireland’s VAT rate of 23% on nicotine patches should be removed or reduced to the lower rate of 9% as an initiative to encourage smokers to quit smoking. Current VAT level on nicotine patches in the UK are 5% and the Minister for Finance should still consider lowering VAT on nicotine patches to the lowest possible level.

**Price Cap regulation**

Price cap regulation or a levy on the tobacco industry profits has been proposed by the Irish Heart Foundation and the Irish Cancer Society, and was included in the Department of Health’s Tobacco Free Ireland Action plan. This regulation would set a maximum price that tobacco companies can charge for their product. The price would be based on an assessment of the genuine costs each firm faces in its operations, and an assumption about the efficiency savings it would be expected to make. This would ensure that the tobacco industry’s excess profits are transferred to government revenues that can be used to fund smoking cessation services. The Government can ensure that the tobacco industry properly contributes to the costs it imposes on the State and on its citizens.
Physical Activity

In budget 2018, the Royal College of Physicians of Ireland calls for financial incentives to encourage more people to be physically active. Examples of actions to be considered:

- Reduction or removal of VAT on sports equipment
- Tax and social welfare incentives to make club and gym membership and fees more affordable
- Consider incentivised schemes for other groups such as self-employed and unemployed along the lines of the cycle to work scheme.
- Fiscal measures targeted at family-based initiatives, such as a cycle to school scheme for purchase or rental of children’s bikes.
- Subsidies to encourage private sports and exercise facilities to offer a reduced rate to special groups, e.g. older people.

In addition, we call on the Government to fully support and resource the National Physical Activity Plan (NPAP). In particular, we call for resources to support the following NPAP actions:

- Ensure that the planning, development and design of towns, cities and schools promotes cycling and walking with the aim of delivering a network of cycle routes and footpaths. (NPAP action 33)
- Ensure that the planning, development and design of towns and cities promotes the development of local and regional parks and recreational spaces that encourage physical activity. (NPAP action 34)
- Prioritise the planning and development of walking and cycling and general recreational /physical activity infrastructure. (NPAP action 36)
- Explore opportunities to maximise physical activity and recreation amenities in the natural environment. (NPAP action 37)
References

i HSE (2016) Planning for Health: Trends and Priorities to Inform Health Service Planning.


iii Department of Finance Tax Strategy Group (2016) – TSG 16/02. GENERAL EXCISES PAPER- TOBACCO PRODUCTS TAX, ALCOHOL PRODUCTS TAX AND TAX ON SUGAR-SWEETENED DRINKS


xii Imamura F. et al. Consumption of sugar sweetened beverages, artificially sweetened beverages, and fruit juice and incidence of type 2 diabetes: systematic review, meta-analysis, and estimation of population attributable fraction. BMJ 2015:351:h3576

Scientific Advisory Committee on Nutrition. Carbohydrates and Health. 2015


Free sugars (WHO definition) - include monosaccharides and disaccharides added to foods and beverages by the manufacturer, cook or consumer, and sugars naturally present in honey, syrups, fruit juices and fruit juice concentrates.


Colchero M Arantxa, Popkin Barry M, Rivera Juan A, Ng Shu Wen. Beverage purchases from stores in Mexico under the excise tax on sugar sweetened beverages: observational study BMJ 2016; 352 :h6704


Briggs Adam D M, Mytton Oliver T, Kehlbacher Ariane, Tiffin Richard, Rayner Mike, Scarborough Peter et al. Overall and income specific effect on prevalence of overweight and obesity of 20% sugar sweetened drink tax in UK: econometric and comparative risk assessment modelling study BMJ 2013; 347

A regressive tax is one that is applied uniformly, meaning that it takes a larger percentage of income from those on lower incomes compared to those on higher incomes.


xxviii Ipsos MRBI nationwide poll of 1,008 adults for the Irish Heart Foundation, May 2014. See http://www.irishheart.ie/open24/irish-public-supports-sugary-drink-obesity-rate-n-467.html


xxx IPSOS MRBI Healthy Ireland Survey (2016).


xxxii https://www.kildarestreet.com/wrans/?id=2013-11-20a.40