

## **Ministry of Social Affairs and Health**

Department for Safety, Security and Health

### **Draft Act amending the Alcohol Act**

#### **Impact assessment of the Proposal**

##### **1. Background**

Prime Minister Petteri Orpo's Government Programme (20 June 2023) states, among other things, that Finland's economic and productivity growth have been slow for a long time. The Government's objective is to promote fair and open competition. The Government has outlined that it will continue to open the market in a determined and responsible manner, create conditions for growth in the domestic market, and increase the wellbeing and freedom of Finns.

In this respect, the agreed Government Programme includes a number of measures related to opening up the alcohol market and increasing competition.

The preparation of this proposal is part of the implementation of the entry agreed in chapter 6 ('A formula for growth') of the Government Programme, according to which the Government will reform Finland's alcohol policy responsibly in a European direction and build on the overall reform of the Alcohol Act carried out in 2018. According to the entry, the government-owned alcohol company Alko and domestic licensed retailers will also be allowed to sell alcohol online, and other retail distribution and collection options will also be permitted, subject to the safeguarding of age limit controls. Domestic sales for home delivery would comply with the derogations for craft breweries, small breweries and farm wines, taking into account the existing strength limits for domestic retail sales.

The Proposal has been prepared by the officials of the Ministry of Social Affairs and Health.

##### **2. Current status and proposed amendments**

The current section 6, subsection 2, and section 26 of the Alcohol Act provide for the exclusive right of Alko to the retail sale of alcoholic beverages, one of the exceptions to which is the retail sale of lower strength alcoholic beverages to consumers by grocery stores and restaurants, for example. Furthermore, it has been possible for producers of farm wines and craft beers to obtain a retail licence for the retail sale of those products directly from the places where they were produced.

The objective of the Alcohol Act is to reduce the consumption of alcoholic substances by limiting and controlling the related business activities in order to prevent harm caused by alcohol to its users, to other people and to society as a whole.

The Alcohol Act builds on a licensing system that allows the trade in alcoholic beverages to be controlled from their manufacture through wholesale to retail sale and serving. The current legislation has allowed effective supervision by the authorities and ensured that alcohol is not sold in breach of section 37 of the Alcohol Act. The sale of alcohol at a licenced retail outlet has ensured that alcohol is not sold to minors or highly intoxicated people, for example. In addition, efforts have been made to reduce the consumption of alcoholic substances by regulating the times when alcohol may be sold, for example.

Current legislation does not allow the delivery of alcoholic beverages from domestic retail trade or from the government-owned alcohol company Alko to a location indicated by the buyer. The Alcohol Act would add provisions on the delivery of alcoholic beverages from domestic retail outlets directly to the recipient. At the same time, some minor or technical amendments would be made to the Act.

### **3. Solution options**

#### **3.1 Delivery of alcoholic beverages under a retail licence**

As an alternative to the amendments now proposed, a regulatory model was considered which would allow the delivery of alcoholic beverages only for the retail licence holders referred to in the Alcohol Act. The options considered were a model where delivery would automatically be included in the retail licence, without any separate application for a delivery licence. As a second option, a model was considered where only retail licence holders could apply for a licence to deliver alcoholic beverages. The licence would then have been applied for either as an amendment to an existing retail licence or in conjunction with the application for a new retail licence.

It was recognised in the preparation that including the licence to deliver alcoholic beverages in the retail licence would least change the current licensing system under the Alcohol Act. With this model, the ability of alcohol traders to meet their obligations would be considered in the licence process and their data would already be included in the register for regulatory control purposes. The responsibility for operations and compliance with the law would clearly lie with the licensee, who would also have concrete means to guide the work of their staff. Under this model, the necessary changes to the alcohol business register would be the least costly. Similarly, the scope of regulatory control and the number of persons to be controlled was deemed unlikely to increase significantly, as the number of operators licenced for retail sale was not estimated to change significantly under this option.

This option was deemed as least likely to require extensive changes to alcohol legislation as other regulatory options under assessment. The adverse effects of the amendments enabling the delivery of alcoholic beverages would also be assessed to be the least significant in this option. However, this regulatory option is unlikely to make it possible for new operators to enter the market to the same extent as the option chosen, and would thus be less effective in achieving the underlying objective of the regulation.

Enabling the delivery of alcoholic beverages is driven in particular by the Government's objective of promoting fair and open competition. The Government's aim is to create conditions for the growth of the domestic market and for the wellbeing and freedom of Finnish citizens. The Government will also continue to open the market with determination and responsibility. The Government also aims to reform alcohol policy responsibly towards a more European direction. It was estimated that the option where the delivery licence of alcoholic beverages was included in the retail licence would not be as effective as the regulatory option chosen to achieve the objectives of the Government and the proposed change to open the market and to promote fairer and more transparent competition. It was estimated in the preparation that, even if the adverse effects of that option were likely to be lower than the regulatory option chosen, the positive effects of regulation would also be smaller than those of the chosen option. In addition, the delivery licence included in the retail licence would not allow new operators to enter the market and the regulatory option now chosen will therefore better promote the right to business than this option.

### **3.2 Delivery licence for alcoholic beverages only to home and business addresses**

An alternative that would otherwise be identical with the proposed regulation was considered in the preparation, but in this option, alcoholic beverages could only have been delivered to home and business addresses. Under this regulatory option, alcoholic beverages could have been ordered as in the amendment now proposed, but delivery could only have been made to fixed home or business addresses and thus deliveries could not have been made to public spaces, for example.

It was estimated in the preparation that this regulatory option would have achieved well the purpose and objective of the Alcohol Act, but would not have been as well and broadly in line with the objective set out in the Government Programme as the regulatory option chosen. The regulatory option might have better minimised the possible increase in public disorder possibly resulting from deliveries of alcoholic beverages, but at the same time, it could have created confusion for deliverers of alcoholic beverages as regards the addresses to which alcoholic beverages would be allowed to be delivered and which addresses not.

### **3.3 Delivery of alcoholic beverages as an activity subject to a declaration**

Another option in the preparation was to assess a model in which the deliverer of alcoholic beverages would submit a notification to the authority prior to the start of the delivery activities. The advantage of this model would be that, like retail licence holders, deliverers of alcoholic beverages would continue to be registered with the authority. However, with regard to the activities subject to notification, there would be no assessment of the capacity of the operator engaged in the delivery of alcoholic beverages, that is to say, there would be no prior control by the authorities. Under this regulatory option, the number of operators and thus the number of operators the public authorities would have to supervise, would be likely to increase more and it would be more challenging to address illegal activities than in the regulatory option chosen. This model would make it easier for the trader to start delivering alcoholic beverages than the one chosen and would thus open up more competition than the one chosen, in line with the Government's objectives. However, it was estimated in the preparation that the problems of supervising and addressing illegal activities as well as the potential harmful effects of alcoholic beverages would be significantly higher under this option than in the chosen model. The model chosen also better serves the purpose and objective of the alcohol legislation than this regulatory option.

### **3.4 Delivery of alcoholic beverages without a licence or notification procedure**

One option was also assessed where the delivery of alcoholic beverages would not require notification to the authorities or the application for a separate licence. This would be the lightest model for traders and would allow all operators to enter the market freely.

Under this regulatory option, operators involved in the delivery of alcoholic beverages would not be included in the register of the authority or be covered by the licensing system, and their general conditions for acquiring a licence would not be examined. In this case, operators who would not be able to obtain a licence under the Alcohol Act could still provide delivery services. The number of deliverers would also be totally unrestricted and even retailers of alcoholic beverages, let alone the public authorities, would have no knowledge of the those who handle the deliveries or the legality of their activities. The risks of increasing alcohol-related harm, including the grey economy, would be the highest under this regulatory option compared to the other regulatory options under assessment.

It was noted that a regulatory option allowing alcoholic beverages to be delivered freely to customers by anyone would call into question the licensing system of the existing alcohol legislation and would also blur

the limits of the activity subject to licensing. It was noted in the preparation that the prohibition on brokering alcohol for remuneration, which is included in the Criminal Code as an alcohol offence, would be rendered meaningless in practice in this legislative option. Under this option, the legitimacy of the licensing system under the alcohol legislation would also be called into question if the supply of alcoholic beverages at premises licenced for serving alcohol and by retail outlets were subject to licensing, but the same requirement would not apply to delivery, even though studies have shown that the risks of violating prohibitions on serving alcohol are higher for alcohol deliveries than for premises licenced to service alcohol or retail outlets.

It was estimated that this regulatory option would outweigh the benefits and would not be acceptable from the point of view of the spirit and purpose of the Alcohol Act.

#### **4. Comments from stakeholders**

The government parties have agreed on the Proposal in the Government Programme and the Proposal was circulated for comments between 5 July 2024 and 30 August 2024. The majority of the consultees opposed the Proposal. Twenty-three of the consultees welcomed the Proposal, but the majority of those who took a positive view of the Proposal called for extensive changes to the Proposal. Some of the consultees did not express their views on the proposed amendment in their comments, but these comments too included several suggestions for correction and development of the draft Act. Several comments included section-by-section comments on various required changes, and in some cases the views of different consultees contradicted each other.

#### **5. Assessment of the effects of the selected option**

##### **5.1 General**

The production, sale and marketing of alcoholic beverages generates over 1 billion of tax revenues for the society, billions of business income for various businesses and labour income for people involved in the production, sale and marketing of alcohol. However, alcohol consumption costs billions of euros directly and indirectly for the society, businesses and individuals.

E-commerce and delivery of alcohol are relatively new phenomena in alcohol trade. The COVID-19 pandemic has accelerated online sales of alcoholic beverages worldwide and e-commerce and delivery restrictions were relaxed in several countries during the COVID-19 pandemic in order to improve business conditions under the extraordinary circumstances. The e-commerce and delivery of alcoholic beverages as new access channels pose new challenges to the implementation and control of responsible alcohol retail sales. Alcohol is not a normal consumer product but causes a wide range of social and health problems for consumers.

As e-commerce and delivery of alcohol are still relatively new phenomena, only a limited number of articles on the delivery (or home delivery) of alcohol have been published in international literature. In early 2024, Finnish Institute for Health and Welfare (THL) compiled existing research and experience on the impact of delivery activities of alcoholic beverages (in this Proposal, the delivery of alcoholic beverages would include home delivery) in a research publication<sup>1</sup>. This evidence base has also been used in the impact assessment of this draft act.

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<sup>1</sup> Mäkelä, P. & Warpenius, K. (2024) Alkoholijuomien kotiinkuljetus – tietopohjaa sääntelystä ja vaikutuksista. The Tutkimuksesta tiiviisti publication series 11/2024. Finnish Institute for Health and Welfare, Helsinki

There is no direct scientific data on whether the supply of alcoholic beverages affects the overall volume of alcohol consumption at individual or social level. In e-commerce, consumers may tend to spend more money on alcohol in one transaction than in a shop, and storing higher volumes of alcohol at home can increase consumption. It is also known that the price of alcoholic beverages has an impact on consumption and alcohol deliveries may reduce the effort involved in obtaining alcohol, including in the form of saved time. The effort involved in purchasing alcoholic beverages can also be seen as a part of the total cost of the drink to the consumer<sup>2</sup>. The ease of ordering could therefore increase the consumption of alcoholic beverages by some consumers. In the future too, the bulk of the alcohol consumed is likely to be bought in physical outlets and the proportion of alcohol purchased through delivery is likely to be relatively low. In this way, the draft Act is likely to affect a relatively small proportion of total alcohol consumption and therefore its impact on the overall consumption of alcohol at social level is estimated to be relatively limited. However, this assessment is subject to significant uncertainty. At the individual level, the delivery of alcoholic beverages, in particular fast delivery, can have an impact on high-risk alcohol consumption and episodic drinking, and thus on alcohol-related harm. The impact of the Proposal on alcohol-related harm is described in more detail in the section titled 'Effects on well-being and health' in particular.

The Proposal would have the desired positive economic effects as it would promote consumer consumption and business opportunities for operators selling alcoholic beverages on the market by enabling the delivery of alcoholic beverages. Even if the Proposal would also increase the regulatory burden for businesses, the Proposal would be business-friendly overall. At the same time, the Proposal could have a limited increasing impact on alcohol-related harm and its costs. However, the significance of these disadvantages varies depending on whether they are viewed at the level of an individual, a community or the society. At the social level, the impact of the Proposal on alcohol-related harm is likely to be rather limited, but for some individuals or communities the impact of the Proposal may be significant.

The Government Programme of Prime Minister Petteri Orpo has several objectives in relation to the alcohol market. The Act amending sections 17 and 26 of the Alcohol Act (HE 7/2024) entered into force on 10 June 2024. The Act allows stronger fermented alcoholic beverages to be sold in licensed retail. The amendments to the alcoholic beverage tax (HE 37/2023), which entered into force in January 2024, will reduce the tax collected on beer and increase the tax collected on wines and other fermented beverages containing more than 5.5 % alcohol by volume, intermediate products and ethyl alcohol beverages. Although the Proposal mainly targets the same groups of people and operators as the legislative reform that entered into force earlier in 2024, which allowed the sale of stronger alcoholic beverages in licensed retail trade, the proposals would probably not have synergistic effects that would significantly strengthen the independent effects of the proposals. Even if both proposals would have an impact on the sales channels for alcoholic beverages, the independent effects of the legislative proposals would probably be quite similar even if the second proposal were not implemented. The draft Act proposes that the delivery of alcoholic beverages would be allowed if the alcoholic beverages were purchased and collected from domestic retail outlets or from the government-owned alcohol company Alko. Thus, allowing the sale of stronger alcoholic beverages in licensed retail trade has not affected the kinds of alcoholic beverages that could be delivered under the draft Act. Looking at the government's entire alcohol policy over the government term so far, it can be seen to have included both measures likely to increase total alcohol consumption (sale of stronger fermented alcoholic beverages in licensed retail trade) and tax changes likely to have the overall effect of reducing total alcohol consumption. From a business point of view, the Proposal continues to pursue the objectives of the Government Programme to promote fair and open competition.

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<sup>2</sup> Stockwell T, Gruenewald PJ. (2004) Controls on the physical availability of alcohol, The essential handbook of treatment and prevention of alcohol problems. West Sussex: John Wiley & Sons, pp. 213–33.

## 5.2 Economic impacts

### *Impact on public finances*

As described above, there is no direct scientific evidence of the effect of alcohol deliveries on alcohol consumption and, in general, the impact of the Proposal on overall alcohol consumption is estimated to be limited. Nevertheless, the Proposal may have implications for public finances on the revenues and costs of alcohol consumption. The burden of alcohol on social and health care is significant. If the draft Act were to increase the overall consumption of alcohol or alcohol consumption among alcohol-intensive users, it could also have an impact on the social and health care costs of treating alcohol-related harm. Similarly, if the Proposal were to increase alcohol consumption, this could also have a limited effect on the increase in alcohol tax revenues.

The Proposal could have an impact on alcohol tax revenues if, as a result of the Proposal, some non-Finnish online purchases were transferred to domestic online shops. However, the impact on tax revenue is estimated to be minor. It is unlikely that a significant proportion of buyers who purchase alcoholic beverages from online stores abroad would move to domestic e-commerce, as the majority of buyers who purchase alcoholic beverages from foreign online stores aim to purchase the beverages as cheaply as possible. The statutory alcohol excise duty on online sales of alcoholic beverages from abroad has only been paid for a small percentage of sales by either the seller or the buyer. Currently, approximately EUR 1 million in alcohol duties has been paid annually on e-commerce sales, whereas in 2023, for example, the amount of alcohol duty calculated on the volume of alcoholic beverages purchased online, estimated at approximately 0.7 million litres of 100 % alcohol, would be approximately EUR 30 million. The amount of tax reflects the estimated tax gap, i.e. the amount of alcohol duty that should have been paid on online purchases. When interpreting the figures, it should be noted that a corresponding increase in tax revenue would not occur, however, if all online sales of alcoholic beverages could be precisely monitored and taxed, for example. However, by comparing the tax amounts, it can be estimated that tax has not been paid in Finland on the majority of online purchases at present. The direct budgetary impact of the Proposal would be on the budgets of the authorities supervising the Alcohol Act. The Proposal would increase the workload and costs of the authorities supervising the Alcohol Act – the Regional State Administrative Agencies and the National Supervisory Authority for Social Affairs and Health (Valvira) – as a completely new delivery licence for alcoholic beverages would become subject to control. The Proposal would allow the Regional State Administrative Agencies to charge control fees to cover the increasing workload of the authorities.

### *Impact on companies*

In general, the Proposal would increase the functioning of the market and competition by allowing the delivery of alcoholic beverages for all holders of delivery licences for alcoholic beverages. A delivery licence for alcoholic beverages could be obtained, under the conditions laid down in the draft Act, by all the holders of a retail licence, Alko and transport and catering services, for example. The delivery of alcoholic beverages would be subject to the condition that the alcoholic beverages have been purchased from retail sale or Alko. The Proposal would therefore also increase the business opportunities of domestic operators lawfully selling alcoholic beverages. In addition, the Proposal would balance the position of domestic operators in relation to non-Finnish alcohol sellers, since previously it was possible to purchase alcohol from non-Finnish alcohol sellers under certain conditions, but not from domestic alcohol sellers.

Retail shops are the largest sales channel for alcohol in Finland. In 2023, almost 50 % of the reported alcohol consumption was purchased from retail sale outside the Alko, i.e. food businesses, kiosks and transport stations. E-commerce of food has become more popular in recent years, accounting for 2.7 % of

grocery sales in 2024<sup>3</sup>. Currently, consumers are not able to order alcoholic beverages online when ordering food. The draft Act would allow consumers to order all their purchases from the retail shop online, which could contribute to the growth of e-commerce. While some businesses in retail trade would probably deliver alcoholic beverages themselves, a significant number of companies could also rely on external delivery companies to deliver alcoholic beverages.

The draft Act could also increase business opportunities for restaurants. In particular, the delivery of alcoholic beverages could be taken advantage of by restaurants licensed for the retail sale of alcohol, which currently deliver food to customers as their own activity or which have concluded a delivery contract with another company. If the restaurants were to deliver the alcohol themselves to the customer, a delivery licence for alcoholic beverages would be required. If alcoholic beverages are delivered by another company, such as a food delivery service, that other company would be required to have a delivery licence for alcoholic beverages.

An alcoholic beverages delivery services provider acting on behalf of the licence holder for the delivery of alcoholic beverages should have completed alcoholic beverage delivery training (alcoholic beverage delivery passport). The alcoholic beverages delivery passport would be similar in principle to the current alcohol passport. An alcoholic beverages delivery passport would entail low costs for companies delivering alcoholic beverages in the form of direct training costs and substitute schemes, for example. The direct cost of the delivery passport test is likely to be some dozens of euros per person taking the test. For example, the prices of the alcohol passport tests currently vary mainly between around EUR 30 and EUR 60.

Companies engaged in the delivery of alcoholic beverages would incur costs for applying for a delivery licence, in particular in the form of a licence fee charged by the Regional State Administrative Agencies. Provisions on licence fees charged by the Regional State Administrative Agencies are laid down in the Regional State Administrative Agencies' Decree on Fees, and the amount of the licence fee to be charged in connection with applications for a licence to deliver alcoholic beverages would be determined later by government decree. In addition, licence holders would be charged an annual control fee. The costs of applying for a licence, as well as the annual control fees, could discourage some small operators in particular from applying for a licence. In the draft Act, the amount of the control fee for the delivery of alcoholic beverages would vary according to the number of deliveries notified by the licensee. The basic control fee would be EUR 100, increasing by EUR 0.1 per delivery after one thousand deliveries. Delivery licences for alcoholic beverages would be applied for by operators with a sufficient stock of alcoholic beverages and a sufficient level of income derived from them in relation to the costs of applying for the licence. Operators currently lawfully selling alcohol who would not themselves start delivering alcoholic beverages after the Proposal's entry into force would be able to use a transport or food delivery service with a licence to deliver alcohol. However, it is unclear how some food delivery services in Finland in particular would organise their delivery licence. Currently, some food courier services operating in Finland use self-employed entrepreneurs for transportation, and it would be possible for the self-employed entrepreneurs to apply for a licence to deliver alcoholic beverages. However, the licence and control fees incurred by self-employed entrepreneurs when applying for a licence could be high in relation to the income generated by the activity. Therefore, it would be more likely that the application for a licence would be made by a platform service, which in turn would use self-employed entrepreneurs in its operations.

#### *Impacts on authorities*

Supervision of the retail sale and serving of alcoholic beverages, as well as the supervision of the advertising of alcoholic beverages, is the responsibility of the National Supervisory Authority for Welfare and Health (Valvira) and the Regional State Administrative Agencies. The draft Act would require Valvira

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<sup>3</sup> The Finnish Grocery Trade Association. (27 March 2024). Päivittäistavara-kaupan myynti ja markkinaosuudet 2023. <https://www.pty.fi/blog/2024/03/27/paivittaistavara-kaupan-myynti-ja-markkinaosuudet-2023/>

and the Regional State Administrative Agencies to supervise the delivery of alcoholic beverages. Deliverers of alcoholic beverages would apply for the licence for delivering alcoholic beverages from the Regional State Administrative Agency.

In early 2024, Finland had around 4 200 valid alcohol retail licences and about 490 Alko shops or pick-up outlets and about 9 900 valid licences for serving alcohol. Approximately 1 400 holders of a serving licence also held a licence for the retail sale of alcohol. The draft Act would increase the number of targets to be supervised by the alcohol authorities and thus increase the need for resources of the alcohol authorities to supervise them. A large proportion of applicants for a licence to deliver alcoholic beverages may not necessarily already hold an alcohol retail licence. The delivery of alcoholic beverages as a new licensing process would significantly increase the work of the licensing authorities, at least upon the entry into force of the Act, but also as a regular and permanent form of licensing administration.

The draft Act would significantly increase the number of targets to be supervised by the alcohol authorities and thus increase the need for resources of the alcohol authorities to supervise them. As some 14 500 serving areas or retail outlets have previously been supervised by the alcohol authorities, in future, there will be a virtually unlimited number of delivery points for alcoholic beverages. Valvira would continue to serve as the guiding authority for the enforcement of the Alcohol Act, thereby also supervising the delivery of alcoholic beverages throughout the country. Similarly, the Regional State Administrative Agencies would supervise the delivery of alcoholic beverages in their territory. The official supervision of the delivery of alcoholic beverages would be carried out in part by means of test purchases, which is a completely new form of official control in Finland in connection with the sale of alcohol. This would require the creation of new practices. It would also lead to a temporary increase in the need for supervision resources. As a new task, Valvira would be responsible for the supervision of educational organisations in relation to the delivery passport test.

When assessing the budget appropriation required for the alcohol administration under the Proposal, as well as the amount of control fees collected, it has been assumed that there would be approximately 100–300 licence holders for the delivery of alcoholic beverages. This assumption is subject to considerable uncertainty, as it is very difficult to predict how operators engaged in the delivery of alcoholic beverages would organise their activities in practice. In addition, the control fee model has undergone significant changes since the consultation round and key players have not been consulted on the changes due to the tight schedule of the Proposal. Some of the current alcohol retail licence holders could carry out the delivery of alcoholic beverages themselves, but a significant proportion would probably use an external transport services company for the delivery of alcoholic beverages. For this reason, the estimates in the Proposal have assumed that there would be a significantly smaller number of alcohol delivery licence holders than, for example, alcohol retail licence holders.

The Regional State Administrative Agencies would incur costs from issuing licences to applicants for a licence to deliver alcoholic beverages and on the supervision of the holders of a licence to deliver alcoholic beverages. In the first year of application of the Act, the additional resources required due to licensing and control would amount to a total of approximately EUR 320 000, which would correspond to approximately four person years. In the first year, half of the additional resources, i.e. EUR 160 000, corresponding to two person years, would be allocated to licensing and half, i.e. EUR 160 000, corresponding to two person years, to control. The costs of licensing would be covered by the licence fees collected by the Regional State Administrative Agencies from delivery licence applicants. As the number of delivery licence applicants is difficult to predict, the licence fee revenue of the Regional State Administrative Agencies is unpredictable. If the licence fee were assumed to correspond to, e.g. the fee for a licence to serve alcohol in cases where the licence applicant does not have a permanent place to serve alcohol (EUR 950), 100 to 300 licence applicants would correspond to a licence fee revenue of approximately EUR 100 000 to EUR 290 000. After the first

year, the additional resources needed for licensing would be reduced and the proportion of control would increase so that, from 2026 onwards, the additional resources needed for control would be EUR 240 000, corresponding to three person years, for the Regional State Administrative Agencies.

The Proposal would also have an impact on Valvira's operations and on the information systems necessary for alcohol control. According to the Proposal, Valvira would have a permanent need for EUR 80 000 in additional resources, corresponding to one person year. Table 1 shows the impact of the Proposal on the agencies' operating expenditure. In addition to the operating expenditure shown in Table 1, in the third supplementary budget for 2024, a one-off additional resource of EUR 375 000 is being proposed for Valvira for changes to the Alcohol Trade Register, e-services and application forms. Changes to the Alcohol Trade Register, e-services and application forms should be initiated promptly so that, when the Act enters into force, compliance with the requirements of the system can be verified when operations begin. The one-off appropriation for operating expenditure item 33.02.05 (operating expenditure of the National Supervisory Authority for Welfare and Health (Valvira)) would be financed by funding from the central government budget. However, the costs incurred on information system changes would be allocated to the licence and control fees in the coming years in line with the annual depreciation of investment expenditure.

**Table 1. Impact on the operating expenditure of the agencies**

	In 2025	From 2026 onwards
Regional State Administrative Agencies (item 28.40.01)	160,000	240,000
National Supervisory Authority for Welfare and Health Valvira (item 33.02.05)	80,000	80,000

The Regional State Administrative Agencies would charge a control fee from the holders of a licence to deliver alcoholic beverages to cover the costs incurred by the alcohol administration from supervising licences to deliver alcoholic beverages. A corresponding control fee is also charged from the holders of retail and serving licences. In the Proposal, the control fees would be determined on the basis of the deliveries made by the holders of the licences for the delivery of alcoholic beverages. A basic fee of EUR 100 would be charged to all delivery licence holders. For the part exceeding one thousand deliveries, the amount of the control fee would be EUR 0.1 per delivery in addition to the basic fee. For example, a licence holder making 10 000 deliveries per year would pay a delivery fee of EUR 1 000. The control fees to be collected are subject to significant uncertainty as regards the estimates of both the number of delivery licence holders and the volume of deliveries by delivery licence holders. When estimating the amount of control fees collected, it has been assumed that a large proportion of licence holders (around three quarters) would be relatively small operators paying the basic fee. In addition, about a quarter of licence holders would be slightly larger operators with a delivery volume of some tens of thousands of deliveries per year. In addition to these licence holders, there would be a few large operators with an annual delivery volume of some hundreds of thousands of deliveries. Based on the assumptions described above, the annual revenue from control fees is estimated to be in the range of EUR 200 000 to EUR 350 000.

Revenue from the control fees for alcohol control will be credited to the central government budget item 11.10.19. (other tax-like fees), however, the full estimated amount would only be credited from 2027 onwards. The control fee revenue collected could be used to finance the additional resources needed for the operating expenditure items of the Regional State Administrative Agencies and Valvira, as previously estimated in the Government Proposal. In the first year of application of the Act, the additional resources required for the operating expenditure of the agencies would be financed by central government budget

funding, as the control fees would only be invoiced retrospectively on the basis of the actual deliveries declared by the licensees. The state budget item 11.10.19 (other tax-like revenue) would not accrue revenue from control fees in full for 2026 either, as due to the transitional period of the Act, the Act would probably apply from 1 June 2025 at the earliest. This means the control fees based on the deliveries reported by the licence holders would only accrue for a part of 2025. The control fees to be credited to item 11.10.19 (other tax-like fees) from the control fees for the licence to deliver alcoholic beverages accrued in 2026 are estimated to be approximately EUR 100 000–200 000. The agencies' need for additional resources and the level of control fees may need to be examined after the amendment's entry into force, taking into account the final number of delivery licence holders and the experience gained in the practical implementation of the supervisory work.

A comprehensive reform of the state's regional administration is currently being prepared by the Ministry of Finance. If implemented, the reform of the regional administration will have a significant impact on the activities of the licensing and control authorities under the Alcohol Act, since Valvira and the Regional State Administrative Agencies, for example, would be merged into a single national licensing and control agency. The legislative proposals on the regional administration reform are expected to enter into force at the beginning of 2026. Therefore, the proposed amendment to the Alcohol Act and its effects on the licensing and control authorities referred to in the Alcohol Act would only be an intermediate phase of no more than one year before the start of the operations of the national licensing and control agency, provided that the regional administrative reform is implemented within the planned timeframe.

The Proposal could also have implications for the police. Alcohol is the most common factor behind violence, accidents and incidents. Alcohol consumption, in particular episodic drinking, increases the risk of both committing and becoming a victim of a violent crime. In 2023, the police had approximately 224 000 alcohol-related emergency callouts. The draft Act could increase public order related calls and criminal offences and thus the workload of the police. In particular, the emergency calls to private homes could increase if the use of alcohol in the home environment is increased as a result of the Proposal. However, alcohol-related emergency calls occur particularly during evening and night-time periods. Since the delivery of alcoholic beverages would only be allowed from 9 a.m. to 9 p.m., the draft Act is unlikely to have a significant impact on police call-outs during night time.

The Proposal would allow educational establishments to organise delivery passport tests, after passing which a person would receive a delivery passport certificate. The delivery passport would be an indication of the competence of the deliverer of the alcoholic beverage. Educational establishments would be entitled to charge a fee for the test. In general, the number of persons taking the test would depend on the number of companies applying for a licence to deliver alcohol. For each undertaking applying for a delivery licence, the number of individuals delivering alcoholic beverages performing the test could range from a handful of individuals to thousands of people. Demand for delivery passport tests is likely to be high immediately after the entry into force of the Act.

#### *Impact on the situation of households and consumers*

While the regular consumption of alcohol by Finns has decreased, weekly alcohol consumption still stood at 48 % for men and 22 % for women in 2023. The share of fully sober persons in 2023 was 12 % of the population<sup>4</sup>. The reform would benefit the significant proportion of Finns who consume alcohol, as the purchasing alcoholic beverages would not require visiting a physical point of sale. Consumers who have alcohol delivered by would save time and costs for shopping. A significant proportion of Finns would still continue to buy their alcoholic beverages by going to a physical point of sale. Delivering alcohol to

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<sup>4</sup> Suomalaisten alkoholinkäyttötavat 2023. THL's Tilastoraportti publication series 59/2023, 30 October 2023. [https://www.julkari.fi/bitstream/handle/10024/147677/Tilastoraportti\\_59\\_2023\\_Suomalaisten\\_alkoholink%C3%A4ytt%C3%B6tavat\\_2023\\_s.pdf?sequence=1&isAllowed=y](https://www.julkari.fi/bitstream/handle/10024/147677/Tilastoraportti_59_2023_Suomalaisten_alkoholink%C3%A4ytt%C3%B6tavat_2023_s.pdf?sequence=1&isAllowed=y)

consumers is likely to be the easiest and cheapest in densely populated areas where deliveries can be made cheaply. In these areas, the distances to the nearest shop or Alko are still mostly short.

### 5.3 Other impacts on people and society

#### *Impacts on wellbeing and health*

In Finland, the number of people who die from alcohol-related diseases and poisonings is more than three times as high as in Sweden and Norway. Alcohol is also a determinant of many diseases. There is a significant increase in the risk of developing cancers of the oral cavity, larynx, throat, oesophagus and liver, and a mildly increased risk of breast and colorectal cancer. For example, alcohol increases the risk of breast cancer even at low levels of consumption and the risk increases in proportion to alcohol consumption. Although the overall consumption of alcoholic beverages as well as risk consumption has decreased steadily over the past decade, high-risk alcohol consumption in Finland remains widespread.

Academic literature shows that those who purchase alcohol online and have it delivered (the studies use the term *home delivery* meaning 'kotiinkuljeuts') include a higher-than-average share of high-risk alcohol users<sup>5</sup>. However, it is possible that high-risk alcohol consumers prefer to buy online more than other consumers, as opposed to online shopping in itself increasing the consumption of alcohol of those who have it delivered. However, the draft Act may have a negative impact on alcohol-related harm, especially for those who already consume alcohol at a high level.

For many people with alcohol problems, purchasing alcoholic beverages has required them to be fit to drive, which would no longer be necessary if alcoholic beverages can be delivered. If the compliance of alcoholic beverage deliveries with legislation cannot be sufficiently ensured, there is a risk that alcohol consumption by person suffering from alcohol addiction will increase if there is no longer a need to be sober when purchasing alcohol. In general, it is much more difficult to assess the state of intoxication at the time of delivery of an alcoholic beverage, as the person who hands them out is not able to observe the intoxicated person for signs of intoxication in the same way as in a shop.

Indeed, the delivery of alcoholic beverages may lead to prolonged drinking situations for some people and to drinking large quantities of alcohol at a time when orders are made<sup>6</sup>. In an Australian study, the above problem has been linked in particular to fast deliveries. Callinan et al. (2023)<sup>7</sup> stressed that fast deliveries increase the possibility of impulsive consuming alcohol consumption, and impulsiveness is a key factor of high-risk alcohol consumption and related harms. However, the draft law would limit the deliveries of alcoholic beverages between 9 a.m. and 9 p.m. This would prevent, in particular, impulsive ordering of alcoholic beverages very late in the evening. In Finland, episodic drinking (five or more doses consumed) usually happens in the evening. Of the times Finns (aged 20 to 79) drink until intoxication, in 74% of the cases alcohol was also consumed outside the time between 9 a.m. and 9 p.m.<sup>8</sup>. Alcohol-related harms manifest in older people at a significantly lower number of units than in young people. The delivery of alcoholic beverages could make it easier to buy alcohol, especially for elderly people in poor health, thereby increasing their alcohol consumption and the resulting harms. Both the alcohol-related harms

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<sup>5</sup> Coomber K. ym. (2023) Characteristics of high- and low-risk drinkers who use online alcohol home delivery in Western Australia. *Drug and Alcohol Review*, pp. 1–9.

<sup>6</sup> Colbert S ym. (2023) Cross-sectional survey of a convenience sample of Australians who use alcohol home delivery services. *Drug Alcohol Rev.* 42, pp. 986–995

<sup>7</sup> Callinan S. ym. (2023) In order to assess the impact of home delivery expansion within Australia, researchers need regulators to collect and share data on sales. *Drug Alcohol Rev.* 42, pp. 1309–1311.

<sup>8</sup> The data is based on a 2023 drinking habit study produced by THL

caused by long-term alcohol consumption and accidents in the home could increase if the proposal were to increase alcohol consumption among the elderly.

### *Impact on children and young people*

Alcohol is a major determinant of intimate partner violence.<sup>9</sup> If the Proposal were to increase alcohol consumption, especially in the home, the risk of an increase in intimate partner violence would also rise. The link between the increase in alcohol consumption and an increase in intimate partner violence also affects children. At home, children may themselves be subjected to violence by a parent or they may witness violence between parents or by one parent against the other parent.

In Finland, one of the key factors contributing to the decline in alcohol consumption among young people has been the difficulty in accessing alcohol that young people have experienced,<sup>10</sup> i.e. more effective age-limit controls in practice. Both private retail establishments and Alkos stepped up age control in the 2010s. Based on the experience of countries that currently allow the delivery of alcohol, the main problem of responsible sales and sales control in the delivery of alcoholic beverages is related to the checking of age limits and the supply of alcohol to minors. For example, in the Netherlands, regulatory controls carried out in early 2024 revealed that 70% of sellers of alcoholic beverages did not check the age of the recipient at the time of delivery of the alcoholic beverage and handed the alcoholic beverage over to a minor test buyer<sup>11</sup>. The Proposal would provide that the age of the recipient should be verified in connection with the delivery of alcoholic beverages, and alcoholic beverages should not be handed over to a person who was not 18 years of age at the time of delivery. However, if age-limit control is not effectively implemented, the delivery of alcohol may increase the availability of alcohol, especially for young people.

In Australia, fast deliveries were particularly common for people under the age of 25. In this way, fast deliveries can lead to prolonged drinking situations and an increase in the quantities of alcohol consumed at one time, especially for young people. However, the bill would not allow delivery after 9 p.m., which would prevent fast deliveries late in the evening and drinking episodes being prolonged late to the evening and or night-time. In about 60 % of the drinking episodes of young people (aged 20–34) in the home environment, alcohol was also consumed outside the time between 9 a.m. and 9 p.m. Of the drinking episodes of young people in the home environment, where alcohol was consumed until intoxication, 90% ended outside the time between 9 a.m. and 9 p.m.

### *Impact on gender equality*

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<sup>9</sup> Ministry of Social Affairs and Health 2007. A vicious circle for the whole family. Interpersonal violence and alcohol. Reports of the Ministry of Social Affairs and Health 2007:27, p. 31. Online: <https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/72104/Selv200727.pdf?sequence=1&isAllowed=y>.

<sup>10</sup> Raitasalo, K. et al. (2018) What is going on in underage drinking? Reflections on Finnish ESPAD data. *Drug and Alcohol Review* 37, pp 76–84.

<sup>11</sup> Inspectieresultaten - Pilot leeftijdsgrenscontrole bij aflevering van alcoholhoudende dranken bij online networkop. Dutch Food and Consumer Product Safety Authority, 31.5.2024. <https://www.rijksoverheid.nl/documenten/publicaties/2024/05/31/inspectieresultaten-pilot-leeftijdsgrenscontrole-bij-aflevering-van-alcoholhoudende-dranken-bij-online-verkoop>

According to Statistics Finland's 2021 survey on the use of information and communications technology by the population, online shopping is roughly equally common among men and women.<sup>12</sup> Nevertheless, the main effects of the Proposal can be estimated to affect women and men in different ways. In the case of men, the effects may be particularly visible as an increase in alcohol consumption and, consequently, in alcohol-related harms. The key risks of the Proposal related to the increase in alcohol-related harms are especially related to prolonged drinking sessions and to an increase in the number of units consumed at one time, which can be seen to be linked to express orders in particular. These risks can be estimated to be particularly pronounced in the case of individuals who already consume a large amount of alcohol. As it is significantly more common for men than women to suffer from serious alcohol problems, it can be estimated that the Proposal may have a greater impact on men's health than on women's health.

Alcohol mortality is higher among men than among women. A total of 1 664 people died of alcohol-related diseases and alcohol poisoning in Finland in 2022. Of these, 1 251 were men and 413 were women.<sup>13</sup> According to the 2023 drinking habits survey, men consume alcohol more often than women. Among men, the proportion of people consuming alcohol on a weekly basis was 48 %, while for women, the proportion was 22 %. Binge drinking is also much more common among men than women. The percentage of people getting drunk on a monthly basis was 32 % for men and 10 % for women.<sup>14</sup> The moderate risk limit for alcohol consumption (more than 14 units per week for men and more than 7 units per week for women) was exceeded by 15 % of men and 9 % of women.<sup>15</sup>

If home delivery were to increase alcohol-related harms, these additional problems would probably be experienced by more men than women. The regulation, licencing and regulatory control of the alcoholic beverage deliveries can contribute to the realisation of risks. In particular, the extent to which the delivery of alcoholic beverages complies with the prohibition on serving alcohol to intoxicated persons is of particular importance for ensuring that the availability of alcohol to intoxicated persons is not improved as a result of the Proposal.

Alcohol is also an important driver of intimate partner violence. If the Proposal were to increase alcohol use, especially in the home, the risk of an increase in intimate partner violence can also be estimated to rise. Intimate partner violence is a common and serious occurrence in Finland. Most of the victims of intimate partner violence are women or girls. According to a recent statistical report, there were 10 900 victims of intimate partner violence offences reported to the authorities in 2021. Of adult victims, 75 % were women, and 77 % of those suspected of intimate partner violence were men. However, far from all cases of intimate partner violence are reported to the authorities.<sup>16</sup> According to statistics, around a third of women have experienced physical violence, threats of physical violence or sexual violence from a partner at some point in their lives. Less than one-fifth of men have experienced such violence from a partner.<sup>17</sup>

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<sup>12</sup> Statistics Finland: E-commerce in transition 30 November 2021, [https://stat.fi/til/sutivi/2021/sutivi\\_2021\\_2021-11-30\\_tie\\_001\\_en.html](https://stat.fi/til/sutivi/2021/sutivi_2021_2021-11-30_tie_001_en.html)

<sup>13</sup> Statistics Finland's statistics on causes of death, [https://pxdata.stat.fi/PxWeb/pxweb/en/StatFin/StatFin\\_ksyyt/statfin\\_ksyyt\\_pxt\\_11bx.px/](https://pxdata.stat.fi/PxWeb/pxweb/en/StatFin/StatFin_ksyyt/statfin_ksyyt_pxt_11bx.px/), 23 August 2024.

<sup>14</sup> National Institute for Health and Welfare, Statistical Report 59/2023, Finnish alcohol consumption habits 2023. pp. 3-4.

<sup>15</sup> THL Statistical Report 59/2023, Finnish alcohol consumption habits 2023, p. 6.

<sup>16</sup> THL statistical report 43/2023, Domestic violence 2021. 23 August 2024, p. 3.

<sup>17</sup> Statistics Finland: Gender-based violence and domestic violence in Finland 2021, p. 17.

Heavy alcohol consumption increases the risk of intimate partner violence and affects the recurrence, severity and consequences of violence. The perpetrator's inebriation increases the risk more than the victim's inebriation. Drinking large amounts is a more significant factor than the frequency of drinking. The consequences are more severe when the perpetrator or both parties to the violence are intoxicated.<sup>18</sup> The perpetrator of intimate partner violence is intoxicated in almost half of the situations involving violence and the consequences of alcohol-related intimate partner violence are often more serious than non-alcohol-related intimate partner violence.<sup>19</sup>

Intimate partner violence often takes place in homes or other private places. As the Proposal could have the effect of increasing drinking at home, it could also increase the risk of intimate partner violence. Permitting express deliveries would increase this risk in particular, as such orders can be placed on impulse and possibly while intoxicated. According to the Proposal, the delivery of alcoholic beverages would comply with the same prohibitions on the supply of alcoholic beverages as, for example, has been the case so far in retail trade. This means that alcoholic beverages should not be supplied to a clearly intoxicated person. The extent to which the prohibitions on supply are complied with is significant for the realisation of the risks.

In recent decades, Finnish homicides have been most likely to take place in private dwellings. Of the offences committed during the period under review, 68 % had been committed in private dwellings. Finnish homicides are closely related to alcohol consumption and situations involving alcohol use. The majority of homicides in Finland are related to situations involving alcohol use by middle-aged men who are not gainfully employed. Between 2010 and 2018, in 58 % of adult homicides, all parties were drunk at the time of the crime, while in 77 % of crimes at least one of the parties was drunk. The association with alcohol consumption was particularly strong in men: 72 % of adult males involved in homicides were drunk at the time of the offence. The men and women who committed the crimes and who were caught immediately after the act had on average a blood alcohol content of just under 2.0 per mille (2 %) and the victims well over 2.0 per mille (2 %). In the case of the culprits, the results cannot be generalised, as it is likely that the level of intoxication affected the risk of being caught. On the other hand, in the case of the victims, the level of intoxication had no effect on the measurement results whereas it was likely to impact victim selection. In alcohol-related homicides, the victims' level of intoxication was usually higher than that of the perpetrators. Severe intoxication may have made it more difficult for victims to function in conflict situations – both mentally and physically. Of the male suspects who were drunk at the time of the crime, 67 % were intoxicated by alcohol alone and 33 % were under the influence of alcohol and some other (or several other) substance(s). The corresponding proportions for female suspects were 69 % and 31 %.<sup>20</sup>

### *Effects on Alko's position*

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<sup>18</sup> Finnish Institute for Health and Welfare: Alcohol as a risk factor for intimate partner violence, [https://www.julkari.fi/bitstream/handle/10024/116695/Alkoholi\\_1%c3%a4hisuhdev%c3%a4kivallan\\_riskitekij%c3%a4n%c3%a4\\_2014.pdf?sequence=1&isAllowed=y](https://www.julkari.fi/bitstream/handle/10024/116695/Alkoholi_1%c3%a4hisuhdev%c3%a4kivallan_riskitekij%c3%a4n%c3%a4_2014.pdf?sequence=1&isAllowed=y), 2014.

<sup>19</sup> Ministry of Social Affairs and Health 2007. A vicious circle for the whole family. Interpersonal violence and alcohol. Reports of the Ministry of Social Affairs and Health 2007:27, p. 31. Online: <https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/72104/Selv200727.pdf?sequence=1&isAllowed=y>.

<sup>20</sup> Lehti, Martti (2020) Homicide Review 2020. University of Helsinki, Institute of Criminology and Legal Policy, Reviews; 41/2020.

Enabling the delivery of farm wines and craft beers directly from the point of sale to the buyer would also affect the legal situation regarding distance selling. Enabling the delivery of farm wine and craft beers from the place of production to the place indicated by the buyer would probably lead the EU to require the application of similar provisions to sellers from other Member States. Distance selling from abroad would therefore be explicitly allowed for all alcoholic beverages containing up to 13% by volume of ethyl alcohol.

If distance selling were to become possible, alcohol products that fall under Alko's monopoly could be sold to Finland. This could have an impact on Alko's position. The effects on Alko's position would partly depend on the extent to which consumers would replace their previous purchases from Alko with alcoholic beverages purchased via distance selling. Alko's sales could decrease, which would weaken the economic conditions for its operations. On the other hand, enabling distance selling could affect Alko's monopoly position in such a way that the justification for its existence would be undermined. The Alcohol Act grants Alko exclusive rights to sell alcoholic beverages for public health reasons. A reduction in the scope of the monopoly would also weaken the public health rationale.