

Reference: 20240564

13 August 2024



Dear [REDACTED]

Thank you for your Official Information Act (OIA) request, received on 17 July 2024. You requested the following:

all communications, letters, emails, phone calls, text messages (including on Signal and Whatsapp and all other messaging and communications platforms used), briefing documents, advice, options papers, reports, memos relating to: an increase of the Alcohol Levy sent BY: any senior Treasury staff members TO: Cabinet or any member of Cabinet between November 24, 2023 and July 18, 2024.

Information being released

Please find enclosed the following document:

Date	Document Description	Decision
31 May 2024	Pre-Cabinet briefing Setting the Alcohol Levy for 2024-2025	Release in full

I have decided to release the document listed above, subject to information being withheld the following section of the OIA, as applicable: contact details of officials, under section 9(2)(g)(ii) – *to maintain the effective conduct of public affairs through protecting Ministers, members of government organisations, officers and employees from improper pressure or harassment.*

In making my decision, I have considered the public interest considerations in section 9(1) of the OIA. Please note that this letter (with your personal details removed) and enclosed document may be published on the Treasury website. This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Jess Hewat
Manager, Health and ACC

1 The Terrace
PO Box 3724
Wellington 6140
New Zealand
tel. +64-4-472-2733

<https://treasury.govt.nz>

CABINET PAPER BRIEFING TEMPLATE 2024

Setting the Alcohol Levy for 2024-2025

Hon Matt Doocey, Minister for Mental Health

Treasury contact: Lydia Verschaffelt

Sign out contact: Jess Hewat ^{s9(2)(g)(ii)}

Description:

This paper seeks authorisation to submit the Pae Ora (Healthy Futures) (Alcohol Levy) Order 2024 to the Executive Council. The Minister for Mental Health, in concurrence with the Associate Minister of Finance (Hon Chris Bishop), has agreed to set the aggregate expenditure figure for the levy in 2024/25 as \$16.62 million.

Comments:

Each year the Minister of Health, in concurrence with the Minister of Finance, (or their delegates) must set the aggregate expenditure figure for the alcohol levy for funding to be directed to addressing alcohol-related harm and other alcohol-related activities, such as intervention services. This is separate from the alcohol excise duty that goes straight to Crown revenue (currently approximately \$1.3 billion).

We support the CPI adjusted increase to the levy from \$11.5 million for 2023/24 to \$16.62 million for 2024/25 (which would return the levy to the purchasing power it had in 2009) on the basis that:

- The levy has not increased in 14 years to account for inflation or population increases;
- It aligns with the findings of the independent review of the levy completed in March 2024 (which recommended a higher increase to the levy of \$37.3 million);
- It would result in a negligible increase on the cost of alcohol if passed on to consumers (i.e. an additional 1.56 cents on a standard bottle of wine);
- It will support the continuation of alcohol-related harm programmes and activity (noting the NZIER report estimates the costs of harm associated with alcohol use in New Zealand amounts to approximately \$9.1 billion annually);
- The Ministry will report back on the value for money of the initiatives currently funded by the levy and establish an investment framework, as well as strengthened monitoring and evaluation processes, to support future levy setting decisions;

Ministers will be able to next review the levy amount ahead of the 2025/26 financial year.

Treasury Recommendation: Support the paper.

Fiscal Implications:

Note this funding is from third party-revenue (alcohol levies).

Funding source									
Operating (\$m)					Capital (\$m)				
22/23	23/24	24/25	25/26	26/27 & outyears	22/23	23/24	24/25	25/26	26/27 & outyears
-	16.62	16.62	16.62	16.62	-	-	-	-	-