

Aide-Mémoire

Alcohol levy setting – additional information on levy funded programmes

Date due to MO:	2 April 2024	Action required by:	N/A
Security level:	IN CONFIDENCE	Health Report number:	H2024038633
To:	Hon Matt Doocey, Minister for Mental Health		
Copy to:	Hon Nicola Willis, Minister of Finance Hon Dr Shane Reti, Minister of Health		
Consulted:	Health New Zealand: <input checked="" type="checkbox"/> Māori Health Authority: <input checked="" type="checkbox"/>		

Contact for telephone discussion

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To: Hon Matt Doocey, Minister for Mental Health

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Health Report number: H2024038633

Details of meeting:	2 April 2024, 3:15-3:45, 4.1R
Purpose of meeting/ proposal:	To discuss the alcohol levy setting process and the Minister’s aggregate expenditure decision.
Comment:	<ul style="list-style-type: none"> On 25 March 2024 you received a briefing providing advice to support your decision in setting the aggregate alcohol levy expenditure for the 2024/25 financial year (H2024037067). You have requested additional information on the current alcohol levy funded programmes, and potential future programmes (if the levy is increased), to support your decision-making on the aggregate expenditure for 2024/2025. This aide-mémoire discloses all relevant information.

Dr Andrew Old

Deputy Director-General

Public Health Agency Te Pou Hauora
Tūmatanui

Alcohol levy setting for 2024/25 – overview

1. On 25 March 2024, you received a briefing (H2024037067) on setting the alcohol levy for the 2024/25 financial year. In the briefing, the Ministry, (jointly with the health agencies), recommended an uplift in the levy from \$11.5 million to \$37.3 million, through the annual levy setting process this year.
2. A number of things have led to this point:
 - i. In 2022, the Pae Ora (Healthy Futures) Act 2022 (the Act) disestablished the Health Promotion Agency and brought the alcohol levy under the responsibility of the Ministry.
 - ii. The levy funded activities related to addressing alcohol harm are broader for the Ministry than they were under the Health Promotion Agency.
 - iii. The levy has not been increased in over 10 years and has not received adjustments for inflation or population increases, leading to a cumulative shortfall in funding year on year.
3. These factors combined, triggered the need to undertake a comprehensive review of the levy to assess the new context, the adequacy of the levy quantum, and to ensure it can achieve all it should under the Act.
4. The Public Health Agency (PHA) commissioned the review in January 2023, working closely with Te Aka Whai Ora and the National Public Health Service, Health NZ, and the final report was received this month. The review included engagement with over 200 participants.
5. The reviewers found there is a strong case to increase the levy quantum to address the consequences of the cumulative shortfall resulting from the lack of inflationary adjustments, to scale up much needed and proven programmes of work, and to address the changes required due to the broader legal and operational context the levy now sits under.
6. The health agencies have jointly considered the review recommendations and are recommending the increase in the levy to enable current services to be sustained, proven pilot programmes to be rolled out further, and to ensure a greater proportion of funding can be available for community led solutions.
7. The recommended increase to \$37.3 million would have a very small impact on the retail price of alcohol products, for example:
 - i. up to an additional 7.7 cents on a standard bottle of wine
 - ii. up to an additional 6.6 cents on a standard 6 pack of beer.
8. An alternative option (option 2 in the briefing) suggests an uplift to \$23.5 million (which includes a proposed \$2 million innovation fund) to return the levy to its 2012/13 spending power by incorporating a \$10 million CPI adjustment. This will enable the levy regime to be sustained, current programmes to be adequately funded and provide for evaluations of programmes, but does not allow for new or extending proven initiatives.
9. Alongside the review, the Ministry also commissioned an up-to-date analysis of the costs of alcohol harm to New Zealand, undertaken by NZIER. The NZIER report estimates the costs of alcohol harm

based on currently available evidence across the health, justice, social and employment sectors, to amount to approximately \$9.1 billion.

Additional Information on current programmes

10. You have requested additional information on the current alcohol levy funded programmes, and this is set out in the following A3. As health promotion has historically had most of its alcohol programmes funded by the levy, it should be noted that health promotion programmes feature significantly.

Additional information on programmes that could be funded with increased levy funds (only achievable with option 1 – increase to \$37.3 million)

11. The levy setting briefing (H2024037067) has recommended an increase in the levy after no increases for over 10 years. The recommended option, to increase to \$37.3 million, includes the current \$11.5 million plus the \$10 million CPI-based uplift, and an additional \$13.8 million to fund the expansion of identified proven programmes, and to provide a small innovation fund of \$2 million.

Programmes identified by the levy review for extension

12. Identified programmes for extension include (but are not limited to):

- the sports sponsorship programme to be rolled out nationwide,
- the Community Social Movement, (rolled out to further regions and rōpu), and
- the Community Law Centres programme (that has so far only been run in 6 out of 24 community law centres across the country).

13. Agencies have not been able to provide any commitment to extending such programmes to date, due to the constraints of the current levy quantum.

Other areas that could be funded with increased levy funds

14. An increase in the levy provides an opportunity to strengthen preventative approaches, which have been historically underfunded. As such, other areas that might be considered could include:

- Ministerial priorities such as FASD work programmes under the refreshed FASD Action Plan. The Minister of Health has commissioned a refresh of the FASD Action Plan. Any future programmes identified under the refreshed action plan do not currently have funding identified. As indicated earlier this month to the Minister of Health (H2024035583 refers), FASD is one area that a portion of new levy funding could be directed towards.
- Programmes targeting alcohol harm in rural areas. Recent wastewater testing has revealed rural areas currently have higher levels of alcohol consumption than more

populated areas¹. Higher levels of alcohol consumption lead to increased alcohol harms in communities across the breadth of harms, such as driving under the influence, crime, health impacts and family, social and employment impacts.

- The NZIER, costs of alcohol harms report (provided to you with the levy setting briefing), has recommended agencies should consider using a portion of levy funds to fill the evidence gaps identified by the NZIER report. Tracking and monitoring alcohol harms adequately across all sectors would provide invaluable information to inform future levy investments, service needs and where to target funding.

Next Steps

15. There are a range of areas that could be considered for potential levy funds. Any new areas for funding would require specific business cases that would be considered by the Shared Public Health Leadership Group (the cross agency governance group).
16. Any monies raised by the alcohol levy must be costs that the Ministry of Health can recover (as per the Pae Ora Act), and must be focussed on addressing alcohol harm.

¹ [Rural NZers more likely to drink alcohol wastewater sampling finds | RNZ](#)

Currently Funded Programmes

Health Promotion, National Public Health Service, Health NZ

Programme name	Programme description	Impact	Levy funding
Sports and alcohol programme	This programme has partnered with a small number of sports clubs around the country to reduce family exposure to alcohol marketing by removing alcohol sponsorship. It also enables sport club culture change by promoting family and player health and wellbeing. This project was strongly supported by levy review participants, as being evidenced-based, and helping to support the de-normalisation of alcohol consumption and ensure health messaging in sport. This project is also aligned with the WHO recommended best practice interventions for alcohol harm prevention.	This programme has assisted sports clubs to find alternatives to all forms of alcohol sponsorship, maintain strong relationships with other businesses/forms of sponsorship and become more family oriented settings. Increased exposure to alcohol marketing and advertising is linked to increased alcohol consumption. Reducing marketing exposure is important to support people to reduce their consumption and this programme has supported clubs to de-normalise regular or heavy alcohol consumption at or after sports matches. Programmes to provide alternatives to alcohol sponsorship in Australia have also been shown to reduce alcohol consumption during and after sports matches and events.	\$707,000
Community Law Centres alcohol harm reduction project	This project provides support for community groups and individuals to participate in local alcohol licensing processes. The project piloted in six Community Law Centres provided resources and advice to help participants to prepare for and appear at district licensing hearings. This project has been independently evaluated and found to have improved the quality and effectiveness of community participation in the district licensing process and was found to be popular at a community level.	Improved community participation in alcohol licensing processes improves the quality of local decision-making regarding issues such as the number of alcohol outlets in neighbourhoods and the length of openings hours of those outlets, which affect local access to alcohol and therefore consumption levels. The project also improves the ability of community participants to raise any concerns over renewals of licences (e.g. issues with host/owner responsibility) and improves community acceptance of licensing decisions.	\$300,000
Community Social Movement (CSM)	<p>The CSM provides an example of innovative procurement for alcohol harm reduction services. The movement is led, and driven by Māori and is currently made up of a collective of five rōpū who design locally grounded, community-led, and strengths-based initiatives that contribute to reducing alcohol-related harm in Māori communities. The CSM model was considered very positive by levy review participants and a great model to push funding out to communities.</p> <p><u>Examples of local programmes funded under the Community Social Movement:</u></p> <ol style="list-style-type: none"> i. Te Rūnanga o Toa Rangatira: The Tamariki to Mokopuna (TTM) programme works with a group of 27 rangatahi aged 14-24 years in Porirua, who have been adversely affected by alcohol, over a 12-month period to develop and achieve individual and/or professional development plans. The programme has delivered 20 support sessions with high engagement and retention. It has run team building activities, noho based planning days, marae trips and community events. ii. E Tipu e Rea: FASD (Fetal Alcohol Spectrum Disorder) is likely to be New Zealand’s leading preventable cause of non-genetic intellectual disability, with an estimated 76,922 people living with FASD.² The damage alcohol does to the developing body and brain shapes the life of the person affected. This grant allowed E Tipu e Rea to employ two young māmā to design, deliver, and implement the Young Parents and Alcohol Programme. This programme consisted of networking with the FASD and alcohol harm sector, and young parents to create seven animation stories, engage with national media, and develop a social media strategy to raise awareness of the intergenerational harm that alcohol causes for tamariki and rangatahi, and direct whānau to their offered services. 	<p>Rangatahi who have completed the TTM programme are showing signs of healthy mauri (spirit/wellbeing) and are engaging in other groups such as waka ama and sailing groups, and taking other opportunities to change the trajectory of their life. Feedback from other services engaged with the rangatahi also mentioned increased positive relationships with their whānau. Due to the success of the programme, other services have been referring groups to the programme.</p> <p>This programme has amplified the voices of young parents and their lived experiences of alcohol harm through digital storytelling that can be shared. It has also raised awareness of how alcohol can impact pregnancies, whānau and future generations.</p>	\$500,000 total cost of programme (examples given are not all programmes funded under the CSM).

² NZIER. 2024. [Costs of alcohol harms in New Zealand: Updating the evidence with recent research. A report for the Ministry of Health.](#)

Regional activity programme	<p>This programme encourages and supports communities to design, develop and deliver their own alcohol harm reduction interventions through grant-based funding. Community groups and providers can apply for grants to address the needs and priorities of local communities. Examples of successful programmes include:</p> <p>i. The Auckland Rugby League (ARL) Aunties: ARL and their clubs have challenges with alcohol consumption on the sidelines of their games. There is an added complexity that many of their fields are on public land, and they have no legal right to stop people drinking on the sideline. Through this grant, ARL recruited a group of Mums, Nana’s, and Aunties to be used as ambassadors who identify and reward good sideline behaviours, to build a positive atmosphere at matches and minimise inappropriate consumption of alcohol.</p> <p>ii. Relative Limited: Ātārangi – amplifying the voices that matter, about the impacts of alcohol and substance use: rangatahi involved in this project undertook a complete creative process from community wānanga to co-designing a short film about alcohol harms with youth leaders, through to all aspects of production as well as the launch and sharing of the film. Led by Relative Limited and supported by community development organisation Mad Ave.</p>	<p>Rugby League in Auckland has extensive reach into the most vulnerable communities, with 60% of their players identifying as Pacific and 30% Māori. The project has increased awareness in clubs and communities of the harm that is caused from the over-use and abuse of alcohol. It also contributed to a decrease in negative sideline behaviour and drinking, including behaviour that had previously led to court appearances. The project has also contributed to a positive whānau-focussed alcohol-free community environment around the game.</p> <p>Both organisations involved provided feedback that the project was a success in terms of engaging with our most at-risk populations and moving towards health equity. Rangatahi involved have experienced an empowering project that was made for rangatahi by rangatahi and with rangatahi. The project provided employment opportunities for local youth leaders with real world learning. There were opportunities to socialise the short film with a wide range of young people. The project provided an opportunity for honest dialogue with young people about alcohol harms and behavioural change in a way that is impactful and meaningful to them.</p>	<p>\$700,000 total cost of Regional grants programme (\$100,000 per partner - examples given are not all activities funded under this programme).</p>
Pacific Harm Minimisation programme	<p>This programme has included the development of a community led evidence brief which has provided a strong case for action to address inequitable alcohol harm experienced by Pacific peoples, and led to the establishment of the Pacific Alcohol Advisory Group which is now a key governance body supporting the development of a strategy and action plan to reduce alcohol harm for Pacific people in New Zealand. The strategy development begins in April with consultation and engagement in Sept-Oct and the strategy being finalised in December 2024.</p>	<p>The strategy is yet to be developed and will be implemented in the future. Therefore impact is not yet able to be measured, but this programme is aligned with evidence of best practice interventions.</p>	<p>\$250,000</p>
New Zealand Alcohol Research and Evidence programme	<p>Evidence informs what is done, how it is done, and what is produced. The use and dissemination of evidence is a form of health promotion, including informing and guiding policy and programmatic decision-making across the health system. Examples of current research projects funded by the levy include:</p> <p>i. <u>Project 1:</u> Initiated in 2022, this project is led by the University of Otago and has quantified the relationship between the volume of alcohol purchased by New Zealanders and the price of alcohol. This research is being used to support ongoing efforts to reduce alcohol-related harms by equipping health professionals, policymakers, communities, and other stakeholders with innovative findings specific to New Zealand.</p> <p>ii. <u>Project 2:</u> Initiated in 2022, this is a suite of projects led by the University of Otago aimed at informing action to reduce alcohol harm in young people. The project has produced research studies, briefs, and presentations on young people’s alcohol use and attitudes, an appraisal of the surveillance system for youth alcohol and other drug use in New Zealand, and a quantification of the unmet need for alcohol and other drug services among adolescents.</p> <p>iii. <u>Project 3:</u> Initiated in 2022, this is a suite of projects led by the University of Auckland on key priority areas for Pacific peoples and alcohol use. The project has produced research reports and presentations on Pacific models of counselling used in alcohol services and marketing techniques for Pacific communities on their attitudes and behaviours relating to alcohol use. Further work is underway on drivers of alcohol use among Pacific peoples.</p> <p>iv. <u>Project 4:</u> Initiated in 2022, this University of Waikato project examines the quickly evolving world of rapid alcohol home delivery (RAHD), with the aim of providing focused guidance for policy development in relation to RAHD. The project completed a surveillance of the RAHD sector, characterised key features, examined</p>	<p>Research outputs have strengthened health service delivery for young people, equipped communities with knowledge to support local alcohol harm reduction priorities, informed national intervention decision-making, and been foundational to national reviews of services.</p>	<p>\$646,000</p>

	<p>controls over the availability of alcohol through RAHD, and is engaging drug and alcohol treatment service providers and their clients to examine expected impacts of RAHD.</p> <p>v. Additional projects in the early stages of procurement cover the topics of: a public health approach to preventing FASD; and the impact of innovative Māori led local alcohol harm reduction projects.</p>		
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Te Aka Whai Ora, Māori Health Authority

Programme name	Programme description	Impact	Levy funding
<p>FASD Pilot Programme</p>	<p>This broad programme includes a range of activities. For example:</p> <ul style="list-style-type: none"> i. The development of a FASD Workforce Training Programme designed specifically to address FASD in Māori communities, utilising the expertise of Māori providers, community practitioners and whānau living with FASD, and integrating te ao Māori to ensure that outputs, such as new clinical guidelines, are culturally relevant for Māori. ii. The FASD wānanga aims to unite whānau affected by FASD through kaupapa Māori processes to develop a network of support to reduce isolation, address respite care challenges, share mātauranga (knowledge), lived experiences and coping strategies. This type of support is not currently available to communities affected by FASD. iii. The National Māori FASD online conference will bring together Māori researchers, policymakers, clinical experts and government sector expertise (disability, justice, education, health) and Te Kāhui Taurikura (FASD Advisory Committee) to develop FASD strategies and research programmes steeped in te ao Māori. This will build on the inaugural wānanga held in October 2023 and continue to build support networks and services that have previously been unavailable. iv. FASD Lived Experience Leadership grant to support FASD activities in communities, events, and conferences. This supports FASD communities to set direction and leadership in FASD support and prevention. v. FASD specific engagement and communications, which includes a communications plan, monthly newsletters, brand/logo development and launch of the FASD Pilot Programme, website development and launch. Stakeholder engagement is necessary to build FASD resources that are relevant to the community, therefore regional stakeholder hui will be held. This programme is important as there have so far been no communications developed specifically for Māori that permeate through Māori communities with consistent messaging and communications developed from within a Māori worldview. vi. The development of a strategy and action plan for Kaupapa Māori research on FASD, this programme includes hui with Māori researchers and whānau to build the strategy, scope research partners and participants and to design and activate a research website. vii. An Evaluation programme is included within the FASD pilot programme across the pilot term. It is comprehensive and seeks to understand and measure successes, challenges and weaknesses to provide future direction for the funding allocation and a basis to extend future investment into the FASD Pilot programme. 	<p>Te Aka Whai Ora received an allocation of alcohol levy funds for the first time in the current financial year. Due to this, the programmes (focussed on FASD) are new and are still under development, strong progress has been made as set out below. The FASD programme of work, key initiatives and funding will continue into the next financial year. This work is led by Te Aka Whai Ora, Population and Public Health team, and will continue under their leadership within Health NZ under the National Hauora Māori Service, Hauora Māori Public and Population Health.</p> <p>Of relevance is the relationship with Te Kahui Taurikura (FASD Advisory Committee)³ that have been brought across the full scope of the pilot programme and the National FASD Prevention Campaign. This ensures FASD Māori leadership is consistent from experts and the health system right through to community, whānau, hapū and iwi.</p> <p>The pilot programme engages community to drive and develop their own FASD resource and information requirements and therefore buy-in. Of note is the new research programme that focusses on Kaupapa Māori methodologies that is not currently catered for in the wider academic sector.</p>	<p>\$1,03m</p>

³ This Committee has been set up as part of the response to the Waitangi Tribunal WAI 2624 Alcohol Healthcare Claim

National FASD Prevention Campaign	<p>This programme focusses on alcohol harm and behavioural change for future parents including raising awareness of FASD impacts pre-conception, pregnancy, sexual health and on whakapapa. Delivery of the campaign will be a multi-platform, multi-media, cross-sector actions that promote prevention strategies for FASD. Messaging is designed with support from whānau living with FASD and FASD Māori experts which means te ao Māori is the foundation of the campaign. It is important to raise awareness of the impact of FASD in Māori communities, with solutions found from within the community to reduce hazardous drinking and drinking alcohol in pregnancy. Whilst the methodologies and methods for the campaign design are embedded in te ao Māori the outputs and outcomes will also serve wider priority population groups.</p>	<p>This campaign focusses on priority populations and the changing of behaviours through prevention strategies. Therefore, behavioural change towards alcohol consumption and healthy pregnancies will reduce FASD incidences and disseminate meaningful and appropriate messaging into communities with the greatest need.</p>	<p>\$750,000</p>
Public Health Agency – Ministry of Health			
Alcohol harm reduction work programme	<p>The Public Health Agency (PHA) has used it's 2023/24 levy allocation to fund the levy review and to engage 4 x FTE to support the policy, engagement, and overall alcohol harm reduction functions of the PHA. This includes leading the refresh of the cross-agency FASD Action Plan.</p>	<p>The Alcohol Levy Review is complete along with the up to date study into the costs alcohol related harms. These two outputs are informing the annual levy setting process, and will inform alcohol policy for arrange of government agencies and others.</p>	<p>\$980,000</p>