

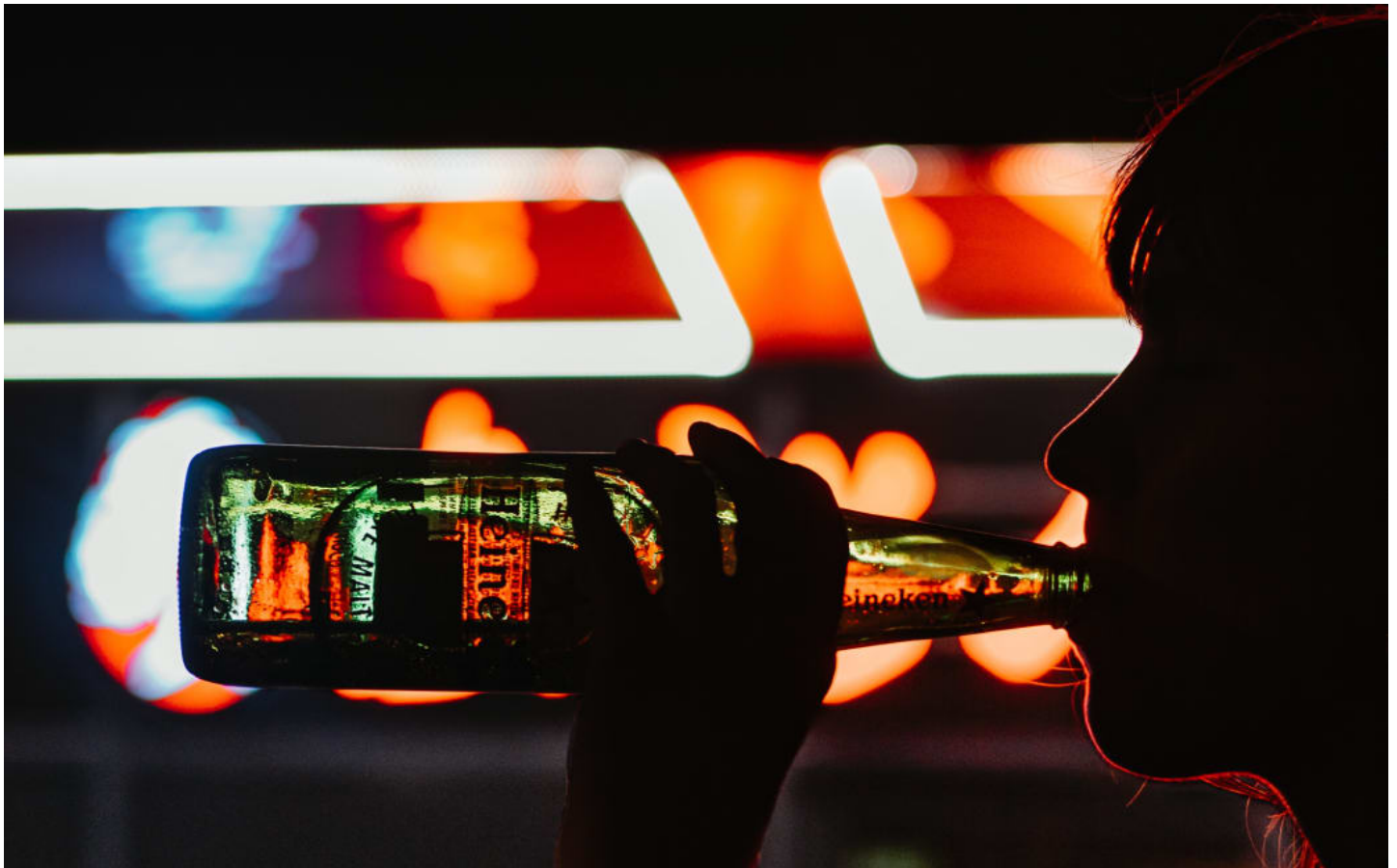
**POLITICS / IN DEPTH**

# 'Pitiful' alcohol levy increase adds less than half a cent to the price of a can of beer

8:39 am on 20 June 2024



**Guyon Espiner**, Investigative reporter, In Depth  
 @GuyonEspiner [guyon.espiner@rnz.co.nz](mailto:guyon.espiner@rnz.co.nz)



The alcohol levy accounts for between 0.2 and 1.3 percent of the price of alcohol. Photo: Unsplash

## The alcohol levy has been raised - but by less than half the amount that would even cover inflation.

Cabinet has agreed to increase the alcohol levy, which funds alcohol harm reduction measures, for the first time since 2009.

The changes mean the funds collected from the levy will rise from \$11.5 million to \$16.6 million, adding less than half a cent to the price of a standard can of beer.

Cabinet rejected the recommendation of an independent review, by consultants Allen + Clarke, which suggested the levy increase to \$37 million.

The report said that to keep pace with inflation alone the levy would need to increase to \$21.5 million.

The review of the alcohol levy also sought to quantify the cost of alcohol harm in New Zealand.

The new figure came in at \$9.1 billion, according to analysis from the New Zealand Institute of Economic Research (NZIER).

Steve Randerson from Health Coalition Aotearoa said the levy increase was woefully inadequate compared to the scale of

alcohol harm.

"It's pitiful. Harm on this scale really requires proper regulation of alcohol," he said. "The levy can go hand in hand with that and support community driven projects to reduce harm. But it definitely needs a larger uplift than we've seen."

### **What is the alcohol levy?**

The alcohol levy is what is known as a hypothecated tax - collected specifically and solely to fund public health measures to reduce alcohol harm. It accounts for a tiny fraction of the price of alcohol - between 0.2 and 1.3 percent.

The levy is separate from alcohol excise duty, which accounts for between 20 percent and 55 percent of the price of alcohol. The excise tax on alcohol generated \$1.3 billion in 2023. Those funds are used for general government spending.

The Allen + Clarke review said failing to adjust the alcohol levy for inflation has led to a shortfall of \$10 million. Increasing the levy to \$21.5 million to compensate for inflation would have added between 0.5 cents and 1 cent to the price of a standard can of beer.

But the report's preferred recommendation was to increase the levy to \$37.3 million, which would have added 1.1 cents to the price of a can of beer and seven cents to a bottle of wine.

Instead, the government opted to increase the levy to just \$16.6 million.

The report said that the levy had not been increased over the last decade for "pragmatic and potentially political reasons" rather than "based on a systematic assessment of the need for services".

Randerson said any price rises for consumers would have been tiny.

"It's absolutely insignificant. I don't think anyone would ever notice if it even did transfer to the prices that you paid in the supermarket or in a bottle shop," he said. "So this was not a budgetary problem. This is potentially ideological - it's hard not to conclude that."

Randerson was concerned that the alcohol industry was consulted as part of the levy review. "We strongly stand against any inclusion of harmful product industries in trying to set the direction for harm reduction. It's not in their interests and it's not something that they support."



Photo: 123rf

The alcohol levy is mainly used to fund the Health Promotion Agency.

It doesn't fund treatment services but does fund peer support programmes for people struggling with alcohol dependence.

The levy funds a range of other measures, including the Community Law Alcohol Harm Reduction Project, which aims to give deprived areas a voice in preventing their communities being saturated with liquor outlets.

It also funds sports clubs to remove alcohol sponsorship and advertising, and to support health promotion.

## The cost of alcohol harm

According to the Allen + Clarke review a 2023 study estimated that 123,000 years of healthy life could be gained over the life of the 2018 population by phasing out alcohol sponsorship.

As part of the review of the alcohol levy NZIER was asked to estimate the cost of alcohol harm in New Zealand.

Its analysis puts the 2023 cost at \$9.1 billion, although it says precise measurements are difficult.

The NZIER analysis suggests that about half this cost (\$4.8 billion) is due to Fetal Alcohol Spectrum Disorder (FASD).

The report also records billions of dollars spent due to the impacts of productivity losses and road crashes. It says alcohol (and other drugs) were a factor in 43 percent of fatal crashes between 2019 and 2021.

It also tallies the immense burden alcohol places on the criminal justice system, including a police assessment that alcohol is involved in a third of all violence offences, half of sexual assaults and half of all homicides.

It quotes police figures from 2018, showing that on the average day in New Zealand, 103 offences are recorded in which the offender had consumed alcohol prior to committing the crime.

It presents data from the National Coronial Information System showing that 26 percent of suicide deaths involved "acute alcohol use".

The cost to ACC of accidents where people had been drinking was \$327 million a year.

The report also includes international evidence showing that "alcohol consumption plays a causal role in cancers of the mouth, throat, voice box, oesophagus, colon, rectum, liver, and female breasts".

The New Zealand drug harms ranking study found alcohol was the most harmful substance across all categories of substances.

Mental Health Minister Matt Doocey was not available for an interview but in a statement said the government was committed to reducing alcohol harm.

Ministers had agreed to adjust the alcohol levy in line with rises to the Consumer Price Index.

"This will return the levy to the purchasing power it had fifteen years ago and means that funding will continue for the current alcohol harm reduction programmes," he said.

"I recognise a recent review has called for a larger increase in levy funding however I am not supportive of such an increase until a thorough assessment of all current and proposed alcohol harm programmes currently funded by the levy has been undertaken and that the Government has assurance that these programs align with government priorities."



Copyright © 2024, Radio New Zealand



### Subscribe to RNZ's Daily Newsletter

SUBSCRIBE

[View latest newsletter](#)



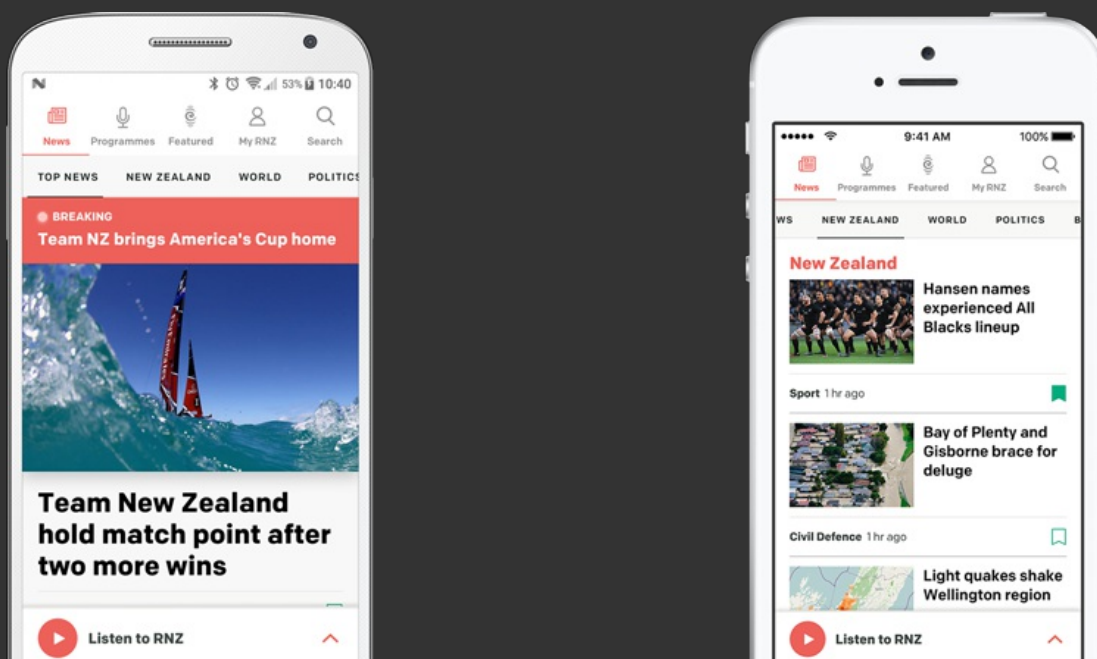
## Why New Zealand needs to prepare now for a future in 'a world without China'

### IN DEPTH

- 'Of course he misbehaves': Defence argues case to Supreme Court of autistic man detained for 18 years
- Fonterra accused of 'greenwashing' to impress big foreign buyers keen on 'regenerative agriculture'
- David Seymour's 'whole of society' plan for tipping millions of dollars more in to Pharmac - and Big Pharma
- Gail Maney has always said she is not a murderer - the Court of Appeal is about to decide if she's telling the truth
- Good as gold: Olympic athletes who couldn't make the cut today are quick enough for gold decades earlier

## Get the RNZ app

for ad-free news and current affairs



### TOP NEWS STORIES

- Pacific leaders pay historic tribute to Kiingitanga movement
- Try to reduce electricity use to avoid supply crisis, businesses and households told
- Outdated and imprecise: Why it's time we retired the term 'race relations'
- 'Of course he misbehaves': Defence argues case to Supreme Court of autistic man detained for 18 years
- People asked to reserve 111 ambulance calls for life-threatening emergencies

### SUBSCRIBE

Subscribe to RNZ's Daily Newsletter

SUBSCRIBE

[View latest newsletter](#)

 In Depth RSS

 Follow RNZ News

