



## Office of Hon Peter Dunne

MP for Ohariu

Minister of Revenue

Associate Minister of Health

Associate Minister of Conservation

03 AUG 2012

Mr Alex Harris  
fyi-request-380-a433ac68@requests.fyi.org.nz

Dear Mr Harris

### Official Information Act request

Thank you for your email of 8 July 2012 asking for all advice, communications, briefings, documents, and research reports I have received on minimum alcohol pricing. You also asked me to elaborate on the source of each document released to you.

I assume you are referring to the comments I made for the show Q&A. My position on minimum pricing was that I didn't support it as currently proposed. I went on to say that were there to be evidence that would suggest a workable scheme, I would look at it. However, a lot of the material I had seen from other jurisdictions raises more doubts than support for the issue of minimum pricing. You can find a transcript of the show here:

<http://tvnz.co.nz/q-and-a-news/transcript-peter-dunne-interview-4960566>

I have enclosed relevant documents in response to your request. Some of these documents have been redacted as they also contained information on other policy matters not within the scope of your request.

An appendix to Health Report 20092110 titled "Alcohol Paper 5 – Minimum Pricing (final draft)" has been withheld under section 9(2)(f)(iv) of the Act, to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown. The withholding of this information is necessary as it forms the basis of advice that is still under development and is yet to be considered by Ministers. I am satisfied that there are no other public interest considerations that render it desirable to make this information available.

As you requested, the source of the information released to you is identifiable on each document.

In addition to the documents released to you, I have been referred to a range of publically available information on minimum pricing. I am unable to recall every document I have seen. However, I have a record of the following:

- <http://www.lawcom.govt.nz/project/review-regulatory-framework-sale-and-supply-liquor/publication/report/2010/alcohol-our-lives>
- <http://www.alac.org.nz/sites/default/files/useruploads/Submissions/Submission%20Alcohol%20in%20our%20lives%20Issues%20paper.pdf>
- [http://www.ncat.org.nz/files/NCAT\\_28pg\\_Feb11.pdf](http://www.ncat.org.nz/files/NCAT_28pg_Feb11.pdf)
- <https://www.drugfoundation.org.nz/sites/drugfoundation.org.nz/files/NDF15730%20Factsheet%202%20-%20Pricing%20WEB.pdf>

You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Hon Peter Dunne  
**Associate Minister of Health**

Encl:



Action required by:		Date sent to Minister:	
Minister's reference/ OIA number:		File number:	AD10-08-4

Hon Peter Dunne  
Copy to Hon Tony Ryall

## Ministry of Justice paper on Minimum Pricing

### Advice

1. This briefing informs you of the Ministry of Health's (the Ministry) view on the options proposed in the attached Ministry of Justice fifth alcohol paper 'Minimum Pricing' (refer Appendix A).

### Background

2. In order to facilitate the development of new liquor legislation, the Ministry of Justice is currently producing a series of weekly alcohol papers for its Minister on areas of potential legislative change. The purpose of these papers is to generate and inform discussion at the Ministerial level.
3. The attached paper is the fifth in this series and discusses potential options for minimum pricing. The Ministry understands that the Minister of Justice has forwarded you a copy of the paper for your information.
4. The Ministry attends weekly advisory meetings at the Ministry of Justice to provide input into the development of the different policy options. The Ministry has not, however, been given an opportunity to provide any comment on the Ministry of Justice's alcohol papers.

### Recommendations on minimum pricing

5. International reviews have concluded that increasing the price of alcohol is one of the most effective strategies to reduce the consumption of alcohol and, therefore, alcohol-related harm<sup>1 2 3</sup>. Establishing a minimum price is a targeted way to reduce the availability of cheap alcohol. International modelling estimates it would have a much greater effect on heavier drinkers than on light drinkers, with modest or small extra financial cost to lighter drinkers<sup>4</sup>.
6. The Ministry of Justice's paper indicates that it considers a potentially useful approach to minimum pricing to be the placement of a regulation-making power into sale of liquor legislation enabling the Minister of Justice to set a scheme governing the minimum price of alcohol at a later date.
7. The Ministry supports the approach proposed by Justice as it considers there is strong evidence supporting the principle that price is an effective tool for reducing alcohol-related harm. However, the Ministry agrees more work is required to assess how a minimum pricing scheme might be implemented in New Zealand and the expected impact.

<sup>1</sup> Anderson et al. 2009. Effectiveness and cost-effectiveness of policies and programmes to reduce the harm caused by alcohol. *Lancet* 373: 2234-46.

<sup>2</sup> Meier et al. 2008. *The Independent Review of the Effects of Alcohol Pricing and Promotion, Part A: Systematic reviews*. Sheffield, United Kingdom: The University of Sheffield.

<sup>3</sup> Babor et al. 2003. *Alcohol: No Ordinary Commodity: Research and public policy*. Oxford: Oxford University Press.

<sup>4</sup> Anderson et al. 2009. Effectiveness and cost-effectiveness of policies and programmes to reduce the harm caused by alcohol. *Lancet* 373: 2234-46.

8. The proposed approach would enable government to implement a minimum pricing scheme in the future, without requiring a legislative amendment, if it considered there was sufficient evidence available to indicate minimum pricing would be an effective approach for reducing alcohol-related harm in New Zealand
9. To inform future discussions on whether minimum pricing is appropriate in the New Zealand context, it will be important for resources to be allocated for the collection and analysis of New Zealand specific information on the impact of price on the purchasing behaviour of different populations, particularly heavy drinkers and young people.
10. The Ministry intends to monitor developments in Scotland, which is proposing to introduce a minimum pricing scheme, to assess what impact this has on its levels of alcohol-related harm.

## Recommendations

The Ministry recommends that you:

- a) **Note:** the information contained in this briefing

Yes/No

Janice Wilson (Dr)  
 Deputy Director-General  
 Population Health Directorate

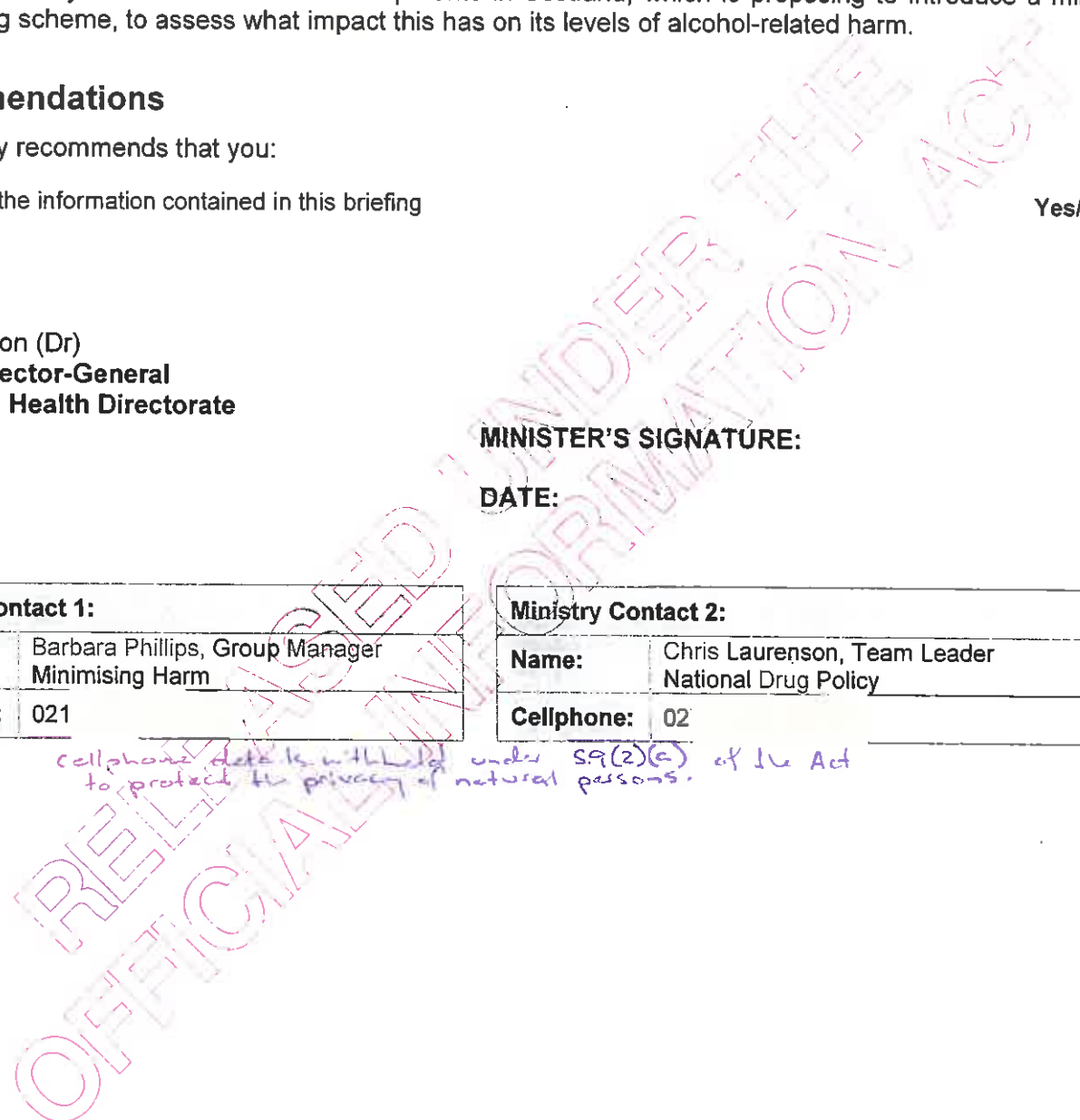
**MINISTER'S SIGNATURE:**

**DATE:**

<b>Ministry Contact 1:</b>	
<b>Name:</b>	Barbara Phillips, Group Manager Minimising Harm
<b>Cellphone:</b>	021

<b>Ministry Contact 2:</b>	
<b>Name:</b>	Chris Laursen, Team Leader National Drug Policy
<b>Cellphone:</b>	02

*cellphone data is withheld under s9(2)(c) of the Act to protect the privacy of natural persons.*



**Appendix A: Alcohol paper 5 – Minimum Pricing (Final draft)**

Withheld under section 9(2)(f)(iv) of the Act, to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown. The withholding of this information is necessary as it forms the basis of advice that is still under development and is yet to be considered by Ministers. I am satisfied that there are no other public interest considerations that render it desirable to make this information available.

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT



<b>Action required by:</b>	Routine	<b>Date sent to Minister:</b>	
<b>Minister's reference/ OIA number:</b>		<b>File number:</b>	PP05-07-0-1

Hon Peter Dunne  
Copy to Hon Tony Ryall

**Law Commission Discussion Document – ‘Alcohol in Our Lives’**

**Advice**

**Law Commission’s Preliminary Policy Preferences**

- The Ministry considers the following preliminary policy preferences, if implemented, are likely to have a positive impact on health outcomes:
  - increasing excise tax but reducing excise tax for low-alcohol products and considering minimum pricing

<b>Preliminary Policy Preferences</b>	<b>Health Considerations</b>
<p><i>Tax and price</i> Increasing the excise tax</p> <p>Consider the introduction of minimum pricing</p> <p>Reduce excise tax for low-alcohol products</p>	<ul style="list-style-type: none"> <li>International reviews have concluded increasing the price of alcohol is one of the most effective and cost-effective strategies to reduce the consumption of alcohol and alcohol-related harm (Babor et al 2003; WHO 2007; Anderson et al 2009). Alcohol consumption (particularly by young people) decreases in response to prices increases (WHO 2007). Increasing the price of alcohol (through excise and/or minimum pricing) is therefore expected to lead to a reduction in health related harms, particularly for the target groups of youth and heavy drinkers</li> <li>Increases in alcohol excise rates are predicted to both reduce consumption and increase government revenue. Some of the increase in revenue assist with funding health initiatives (such as increasing the funding for treatment)</li> <li>Reducing the excise tax for low-alcohol products would introduce an incentive for producers to develop the market for low-alcohol products. A shift in consumption to beverages with lower alcohol contents would be expected to reduce alcohol-related harm</li> </ul>

**Hon Peter Dunne  
Copy to Hon Tony Ryall  
Noting**

**HR 20092110 Ministry of Justice paper on Minimum Pricing**

**ACTION REQUIRED**

This briefing informs you of the Ministry of Health's (the Ministry) view on the options proposed in the paper on 'Minimum Pricing' that the Ministry of Justice has developed for its Minister. The Ministry understands that you have already been forwarded a copy of the Ministry of Justice's paper.

The Ministry supports the Ministry of Justice's suggestion that a regulation-making power be added into sale of liquor legislation enabling the Minister of Justice to set a scheme governing the minimum price of alcohol at a later date.

Evidence suggests the introduction of minimum pricing is an effective tool for reducing alcohol-related harm, but further analysis and information would be useful to consider potential implementation details and estimate the likely impact in the New Zealand context.

**MINISTRY OF HEALTH RECOMMENDATION**

**Note:** the information contained in this briefing.

**OTHER VIEWS**

**ADVISOR RECOMMENDATION/COMMENT**

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT

Excerpt

Summary of Ministry of Justice and Law Commission proposals with comment from the Ministry of Health.

Ministry of Justice recommendations	Law Commission proposals.	Comment
5. Minimum Pricing A regulation-making power enabling the Minister of Justice to set a scheme governing the minimum price of alcohol at a later date	Minimum price developments in other countries are to be carefully monitored and power should be given to government to secure the information required to develop and implement such a scheme which could be imposed in future if necessary [6]	<ul style="list-style-type: none"><li>• Minimum pricing is likely to be an effective tool for reducing alcohol-related harm, but further analysis and information is needed to estimate the likely impact in the New Zealand context.</li></ul>

RELEASED UNDER THE OFFICIAL INFORMATION ACT





<b>Action required by:</b>	11 December 2009	<b>Date sent to Minister:</b>	
<b>Minister's reference/ OIA number:</b>		<b>File number:</b>	AD10-08-4

Hon Peter Dunne  
Copy to Hon Tony Ryall

**Summary of the Ministry of Health's views of the Ministry of Justice's proposed options for alcohol reform**

**The Ministry of Justice's proposed options for alcohol reform proposals**

**Appendix: Summary of the Ministry of Health's view on the options proposed by the Ministry of Justice in its series of papers on potential options for alcohol reform**

- Key:
- Green – Support
  - Orange – Support, but have some concerns
  - Red – Do not support
  - Blue – Additional option not recommended by the Ministry of Justice

<b>Ministry of Justice recommendations</b>	<b>Ministry of Health view</b>
<b>Paper 5. Minimum Pricing [HR20092110]</b>	
Placement of a regulation-making power into sale of liquor legislation enabling the Minister of Justice to set a scheme governing the minimum price of alcohol at a later date	<p><b>Support</b></p> <ul style="list-style-type: none"> <li>• Evidence suggests the introduction of minimum pricing is an effective tool for reducing alcohol-related harm, but further analysis and information would be useful to consider potential implementation details and estimate the likely impact in the New Zealand context</li> </ul>

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Excerpt



Health Report number:20092371

Action required by: **Routine**

Date sent to Minister:

Minister's reference: **not applicable**

File number: AD10-08-4

**To: Hon Peter Dunne**

**cc: Hon Tony Ryall**

**Title: LEGISLATIVE REFORM FOR THE CONTROL OF ALCOHOL**

Price and pricing policies

1. Evidence suggests that increasing the price of alcohol is one of the most effective strategies to reduce the consumption of alcohol and therefore alcohol-related harm. The SoLA does not control the price of alcohol, nor provide for pricing policies to reduce alcohol-related harm. Alcohol outlets, especially major New Zealand supermarkets often heavily discount alcohol products and use alcohol as a loss-leader. This has contributed to an increase in the affordability of alcohol related to our levels of income over the past 20 years.
2. As alcohol excise tax for some products is based on bands with a differential excise rate, the Ministry is also concerned that the current system may encourage producers to develop products at the high end of the range in order to gain the best tax advantage.
3. Under both the Ministry of Justice and Law Commission proposals, increases in alcohol excise are recommended as well as mechanisms to introduce minimum pricing in future. Due to concerns on compliance costs, neither agency has proposed to remove the current bands in the excise system, although the Ministry of Justice has proposed raising the excise rate for beverages in the 9 to 14 percent band so that it more accurately reflects the alcohol content of products in that category.

RELEASED UNDER THE OFFICIAL INFORMATION ACT

## United Kingdom minimum pricing proposals (prepared by the Ministry of Health)

1. You have asked for an update on proposals for the implementation of minimum alcohol price regimes in the United Kingdom.

### England and Wales

2. The Prime Minister released the Government's Alcohol Strategy on 23 March 2012. The strategy sets out for consultation the Government's proposal for a minimum alcohol pricing regime. No timeframe has been agreed for the public consultation or for the proposal to come into force.
3. This proposal has been modelled based on a minimum price of 40 pence per standard drink. The Government claims this could result in 50,000 fewer crimes each year and 9,000 fewer alcohol related deaths over the next 10 years.
4. Alcohol is significantly cheaper in the United Kingdom than it is in New Zealand. A minimum price equivalent to 40 pence in New Zealand (\$0.97 after accounting for the exchange rate and differing measures of what constitutes a standard drink between the two countries), would be less expensive than the cheapest alcohol currently available in New Zealand.

	Current Price in New Zealand	If a minimum price equivalent to 40 pence per standard drink was adopted
1 dozen cheap beer	~\$13	\$11.64
1 bottle cheap wine	~\$8	\$7.76
1L bottle of cheap vodka	~\$32	\$29.10

5. In addition to minimum price, the Government's Alcohol Strategy proposes a number of other measures to curb alcohol related harm including the banning of multi-buy discount deals, a zero tolerance approach to drunken behaviour in emergency departments, a late-night levy to get pubs and clubs to help pay for policing, and improved powers to stop serving alcohol to drunks.
6. These proposals replace the Government's previous plan to ban the sale of alcohol below the cost of duty plus sales tax (VAT) across England and Wales.

### Scotland

7. The Scottish Government's Alcohol (Minimum Pricing) Bill passed its first reading without opposition on 14 March 2012.
8. The Bill sets out a formula of minimum price per unit x alcohol strength x volume in litres x100. The Scottish Government has previously announced that it was considering a minimum price of 45 pence per unit. This would mean that the minimum price for a 700ml bottle of spirits at 37.5% ABV would be calculated as follows  $0.45 \times 37.5/100 \times 0.7 \times 100 = \text{£}11.82$ .
9. Taking into account the exchange rate and differing measures of standard drink between the United Kingdom and New Zealand, a minimum unit price of 45 pence would equate to about NZ \$1.10.