



Cabinet Business Committee

Minute of Decision

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Pae Ora (Healthy Futures) Alcohol Levy Order 2026

Portfolio **Mental Health**

On 2 June 2026, the Cabinet Business Committee:

Aggregate expenditure figure and levy rates

- 1 **noted** that the Pae Ora (Healthy Futures) Act 2022 allows for levies to be imposed on alcohol products manufactured or imported for sale, for the purpose of enabling the Ministry of Health (the Ministry) to recover the costs it incurs in addressing alcohol-related harm, and in other alcohol-related activities, and that this levy is set by Order in Council;
- 2 **noted** that the levy rates for the 2026/27 period must be in place by 1 July 2026, and that if the Order in Council setting the levy rates is not in place by 1 July 2026, the previous Order will expire and Customs and the Ministry will not be able to collect levies, creating risk for the current levy-funded programmes;
- 3 **noted** that clause 2(1) of Schedule 6 of the Pae Ora (Healthy Futures) Act 2022 requires the Minister of Health (or delegate) to act with the concurrence of the Minister of Finance (or delegate) to assess the aggregate expenditure figure each year, and that this requirement has been met;
- 4 **noted** that the Minister for Mental Health, with the concurrence of the Associate Minister of Finance (Hon Chris Bishop), has agreed to set the aggregate expenditure figure for 2026/27 as \$17.135 million;
- 5 **noted** the resultant rates by class of alcohol:

Class of alcohol (percentage of alcohol by vol.)	2026/27 Amount of levy (\$ per litre) (i.e. this Order)
A (1.5% - 2.5%)	0.008625
B (2.5% - 6%)	0.026570
C (6%- 9%)	0.046003
D (9% - 14%)	0.057503
E (14% - 23%)	0.095947
F (more than 23%)	0.218047

Appropriations

- 6 **approved** the following increases in appropriations to give effect to the policy decision in paragraph 4 above, fully offset by the changes described in paragraph 8 below, and so fiscally neutral with no impact on the operating balance and/or net core Crown debt:

	\$m – increase/(decrease)				
Vote Health Minister of Health	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Non-departmental Output Expenses:					
Delivering Primary, Community, Public and Population Health Services	-	0.272	0.272	0.272	0.272
Delivering Hauora Māori services	-	0.144	0.144	0.144	0.144
Multi-category Expenses and Capital Expenditure:					
Health System Policy, Regulation and Monitoring MCA (MCA)					
Departmental Output Expenses:					
Public health and population health leadership (funded by revenue Department)	-	0.099	0.099	0.099	0.099
Total Operating	-	0.515	0.515	0.515	0.515

- 7 **agreed** that the change to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates for Vote Health and that, in the interim, the increase be met from Imprest Supply;
- 8 **noted** that the existing revenue forecasts require adjusting to reflect the decision in paragraph 4 as follows:

	\$m – increase/(decrease)				
Forecast Revenue: Alcohol levies	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Existing forecast	16.620	16.620	16.620	16.620	16.620
Revised forecast	16.620	17.135	17.135	17.135	17.135
<i>Adjustment required</i>	-	0.515	0.515	0.515	0.515
This adjustment is comprised:					
Non-Tax Revenue	-	0.416	0.416	0.416	0.416
Revenue department	-	0.099	0.099	0.099	0.099

- 9 **noted** that given the aggregate expenditure figure is assessed each year, the out-years in the table in paragraph 8 above are forecast figures only;

28-day rule

- 10 **noted** that a waiver of the 28-day rule is sought on the grounds that the Budget moratorium has prevented the paper under CBC-26-SUB-0027 being presented to Cabinet until after 28 May 2026;
- 11 **agreed** to waive the 28-day rule so that the Pae Ora (Healthy Futures) (Alcohol Levy) Order 2026 will come into force on 1 July 2026;

Alcohol Levy Order

- 12 **authorised** the submission of the Pae Ora (Healthy Futures) (Alcohol Levy) Order 2026 [PCO 28984/3.0] to the Executive Council.

Jenny Vickers
Committee Secretary

Present:

Rt Hon Christopher Luxon (Chair)
Rt Hon Winston Peters
Hon Nicola Willis
Hon Simeon Brown
Hon Brooke van Velden
Hon Shane Jones
Hon Erica Stanford
Hon Louise Upston
Hon Mark Mitchell
Hon Matt Doocey
Hon Simon Watts
Hon Chris Penk
Hon Penny Simmonds

Officials present from:

Department of the Prime Minister and Cabinet