



# 2003 ANNUAL REPORT

Report for the Alcohol Advisory Council of New Zealand  
for the year ended 30 June 2003





## CHAIRMAN'S INTRODUCTION

*After one year of operation under our new five-year strategic plan, it is pleasing to report that things are truly on the move. We have made substantial progress, setting down firm foundations for future years as well as developing further those approaches that have worked well in the past.*

The year has confirmed the determination of government, the Council and our community partners to reduce significantly alcohol-related harm.

Nevertheless, to make long-term gains we must retain a realistic picture of the enormity of the task ahead, acknowledge the significant time it may take to achieve permanent change, and keep focused firmly on our goal.

We face a drinking culture where harmful drinking patterns and intoxication are not only accepted, but in some instances aspired to. So while there is the desire to reduce harm, this does not necessarily translate into a willingness to change our own behaviour.

Reducing alcohol-related harm means challenging the drinking culture and, ultimately, creating a new one. Encouraging steps have been taken over the past year. Youth drinking issues have been vigorously debated, culminating in government and community commitment to our “Youth Access to Alcohol” programme; improvements have been made to Sale of Liquor Act compliance (on age identification); government has encouraged the consumption of lower-alcohol products through excise tax changes; and coalitions of community providers have achieved a number of other successes outlined in this report.

If we are to reduce alcohol-related harm for all New Zealanders, not just young people, adults must look hard at ways in which their own behaviour is a contributing factor. It is adults who set the scene, and on whom young people model themselves. It is adults who manufacture, advertise, sell and supply alcohol. It is through adults changing irresponsible drinking and supply that we can begin to change the culture around drinking – the culture that leads to harm. We all have a role to play.

I gratefully acknowledge the support of the large number of partner organisations and groups with which Council is privileged to work. I would also like to thank Council members and the secretariat for their outstanding efforts in a year of significant progress.



Prof Andrew Hornblow CNZM

## STRUCTURE

### *Council and staff*

#### *Chairman:*

Professor Andrew Hornblow CNZM

#### *Deputy Chairperson:*

Bridget Allan (resigned January 2003)

Monica Stockdale (from February 2003)

#### *Members:*

Sally Logan-Milne (retired January 2003)

Hon Phillida Bunkle (appointed January 2003, resigned May 2003)

Dr Ian Scott

Dr Robert Brown

Delaraine Armstrong

Fuimaono Karl Pulotu-Endemann

Dr Gillian Tasker (appointed January 2003)

#### *Kaumātua:*

Pihopa Kingi (from February 2003)

Nellie Rata (from April 2003)

Te Whe Phillips (from June 2003)

#### *Executive Team:*

Dr Michael MacAvoy *Chief Executive Officer*

Paula Snowden *Deputy Chief Executive Officer*

Nicola Varuhas *Manager Corporate Services*

## **Offices**

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## THE ALCOHOL ADVISORY COUNCIL OF NEW ZEALAND

*The Alcohol Advisory Council (ALAC) is a Crown-owned entity. It was established in 1976 under legislation by its original name – the Alcohol Liquor Advisory Council, following a report by the Royal Commission of Inquiry into the Sale of Liquor. The Commission recommended establishing a permanent council whose aim was to encourage responsible alcohol use and minimise misuse.*

*The name was formally changed when the Alcohol Advisory Council of New Zealand Amendment Act came into force in August 2000.*

## AIMS AND OBJECTIVES

*The Alcohol Advisory Council Amendment Act 2000 states that ALAC's primary objectives are:*

*“the encouragement and promotion of moderation in the use of liquor, the discouragement and reduction of the misuse of liquor and the minimisation of the personal, social, and economic harm resulting from the misuse of liquor.”*

*Its mission is “more moderation, less harm”.*

*ALAC's aim is for New Zealanders to experience less harm from alcohol use, whether it's from their own consumption or their family's or other people's by encouraging drinking practices that reduce the likelihood of harm.*

*ALAC is aiming to see a nation where people who drink do so within safe limits; where bingeing and drunken behaviour are seen as unacceptable; and where people with alcohol problems have access to the appropriate support and treatment for themselves, their families and their communities.*

### Goals

- That New Zealanders experience less harm from alcohol consumption, their own and others
- Māori providers and Māori communities work together to reduce alcohol-related harm for Māori whānau
- Pacific providers and communities work together so that alcohol-related harm for Pacific families is reduced
- Parents, families, policy makers and communities work together with young people to reduce alcohol-related harm for young people
- Drinking behaviours change so that incidents of alcohol-related harm are reduced
- People with hazardous drinking patterns change them so that alcohol-related harm to themselves, their families and their communities is reduced
- Policy makers, communities, service providers and New Zealanders are advised on ways to reduce alcohol-related harm

## *ALAC's functions*

ALAC's work comprises supporting community action, gathering and sending out information, commissioning research to identify effective interventions, tracking drinking behaviours and evaluating programmes. ALAC develops and manages social marketing initiatives and advocates for appropriate treatment services and importantly, makes recommendations to and advises government on policies to reduce harm.

ALAC works closely with organisations from the public health sector to non-government organisations, government departments, Pacific health providers, Māori providers, the liquor industry and liquor licensors. Strong relationships, partnerships and good communication are therefore very important.

ALAC operates from the basis of available evidence and best practice, with a focus on innovation and community involvement in order to reduce harm and promote moderation.

## HIGHLIGHTS

### *Overview*

ALAC's first year of business under its new five-year strategy has been a full one, with a range of activities completed and significant groundwork for new initiatives laid down.

The strategy's structure proved successful, with activity in the six output areas complementing and supporting one another.

ALAC's strategy focuses on three target population groups, Māori whānau, Pacific people and young people, with population-wide strategies looking at supply and provision and early intervention. In addition, there are targeted strategies for those with alcohol dependency problems.

ALAC's regional staff have supported the implementation of ALAC's programmes around the country as well as targeting specific needs in their communities.

ALAC concluded the year satisfied with its progress and anticipates another productive year ahead. The organisation is proud to present some of the year's highlights in the following report.

### *The issues ALAC faced*

ALAC was pleased to participate in, and in some instances lead, debate on several major issues during the year.

#### *Focus on young people*

Early in the year, a spate of crimes involving young people in which alcohol was a factor – some very serious – provoked outrage and concern in the community. Community reaction, fuelled by media interest, put the topic on the agenda for discussion throughout the country.

ALAC entered the debate by highlighting the often-misunderstood danger of supplying young people with alcohol, including the little-known fact that most young people get their alcohol from their parents. ALAC alerted Ministers and the media to its Youth Access to Alcohol programme, which was being launched in Taranaki at the time. Ministers publicly welcomed the programme, propelling it into still more communities.

At that time, a number of incidents around school after-ball parties occurred, highlighting the same supply issue. Again, government supported ALAC's approach and its call for parents to provide proper supervision, actively manage their teenagers' access to alcohol and help them enjoy moderate drinking, if in fact they chose to drink.

A study undertaken by Dr Peter Watson, University of Auckland, and part-funded by ALAC was released in April. *New Zealand Youth – A Profile of their Health and Wellbeing* provided valuable information on youth drinking and attracted national media coverage.

### *Tax*

In December, ALAC released a report commissioned from economist Brian Easton exploring New Zealand's alcohol excise tax structure. The report recommended a "harm minimisation" approach, whereby pricing policy would be used to influence patterns of consumption. It cited international evidence that many people are highly price sensitive when it comes to their choice of alcohol, particularly young people and dependent drinkers.

The report recommended using a graduated alcohol excise tax structure to steer people towards lower-strength alcohol. This structure would be based on alcohol content and a uniform tax rate, rather than the arguably complex banding structure that focused on product type. The premise remains that the higher the alcohol content, the greater the potential for harm, therefore the higher the price.

When government considered the recommendations and introduced new excise tax legislation in May, it did not go as far as ALAC proposed, but did tackle the problematic 14-23% band of alcohol. ALAC considered this a step in the right direction and welcomed the move, and already there has been some impact on the types and strength of alcohol produced. However, ALAC maintains that a fully graduated tax structure based on alcohol content and a uniform rate would be a more effective and fairer approach to excise tax on alcohol.

### *Liquor advertising*

The Liquor Advertising Review 2003 also generated national interest. In its submission to the review panel, ALAC called for a tightening of the codes and an alignment of the range of liquor promotional codes to address New Zealand's current heavy drinking culture.

ALAC is of the view that any further liberalisation of advertising and promotion would be unwise given the emerging evidence of a link between alcohol advertising and promotion and drinking culture. It believes liquor advertising codes should be strengthened to incorporate "new media", such as the internet, and those promotional activities, such as sponsorship, that are less regulated but often powerful through the intense relationships formed with consumers and the brand loyalty they command. ALAC looks forward to progressing the issue further on the completion of the review.

### *Policy initiatives*

ALAC continued to both lead and participate in key policy initiatives, much of this reflecting the issues and concerns raised over the year.

Alcoholic products continued to be monitored to ensure they complied with the *National Guidelines on the Naming, Packaging and Merchandising of Alcoholic Beverages*. While an ongoing role for ALAC, it became particularly pertinent with the debate around liquor advertising underway. Likewise, being part of the Liquor Advertising Pre-vetting System Committee remained an important role.

ALAC also contributed to the development of a Ministry of Justice paper for the Ministerial Committee on Drug Policy, which outlined current and future initiatives to reduce the inappropriate supply of alcohol to young people. It also contributed to an Action Plan on Alcohol and Illicit Drugs and the New Zealand Injury Prevention Strategy and is a member of an interdepartmental team working on the General Violence Strategy.

### *Strategic focus*

ALAC has ensured it has kept abreast of and involved in both national and international strategies that address alcohol-related harm. This ensures learning from other approaches is incorporated into ALAC's work, efficiencies are gained from reducing overlaps and there is more power in focusing on similar priorities.

### *National strategies*

At a national level, ALAC contributed to a number of inter-agency strategies, as outlined above.

At a practical level, ALAC has forged a relationship with the Accident Compensation Corporation through a memorandum of understanding and is working closely with the New Zealand Police on an Enhanced Alcohol Intelligence project. The latter was instigated after ALAC brought New South Wales expert Dr John Wiggers to New Zealand to advise on how improved licensing and the enforcement of laws relating to licensed premises can significantly reduce alcohol-related crime at street level. ALAC is hopeful this work will proceed in New Zealand and will provide valuable information for addressing supply problems.

ALAC retains its strong relationships with other government agencies including the Ministry of Health, Ministry of Youth Affairs, Ministry of Justice, Land Transport Safety Authority and many others.

### *International links*

The Chief Executive visited Ireland, England and Scotland in October to meet with government counterparts in those countries. This visit confirmed that governments across the United Kingdom are grappling with similar issues to those in New Zealand, with young people and binge drinking areas of concern. Ireland in particular is concerned about a surge in consumption following new-found wealth and a rise in disposable income – compelling evidence that price and income are factors affecting consumption patterns. In Scotland, an alcohol strategy has been developed that is very similar to ALAC's with a strong focus on drinking culture and early intervention. Contacts made in those countries are proving invaluable and will be further utilised in coming years.

In September, two ALAC representatives attended the fourth Healing Our Spirit Worldwide conference in Albuquerque, New Mexico. There they had the opportunity to meet indigenous peoples from America, Canada, Australia and the Pacific Islands to find ways of promoting indigenous approaches to addressing alcohol and drug issues.

ALAC also attended an international conference in Fremantle on evidence-based policy to address substance abuse. ALAC was encouraged to find a lot of the work it is doing is on track with international strategies, for example the work around excise tax as a harm minimisation tool.

### *Change to strategy*

One of the most significant strategic issues to be addressed over the year was that of youth drinking. Wide discussion and significant research led ALAC to identify the need to address youth drinking through a focus on the societal norms that shape young people's more hazardous drinking. Research suggests that although binge drinking by young people is the focus of much public and political attention, young people's drinking patterns are modelled to a great extent on those of adult New Zealanders. Therefore, focusing on changing the norms and culture around alcohol consumption and intoxication is likely to have the greatest impact. There is still a programme of work to target young people specifically.

ALAC will therefore embark on a programme tackling the acceptance of intoxication in New Zealand and comprising a range of tactics from education to marketing, enforcement and policy.

### *Working together*

While collaboration with government departments and agencies has been a significant focus, a vast amount of day-to-day activity relies on working in close partnership with communities and other organisations that directly touch the people ALAC is trying to reach.

### Community programmes

The Youth Access to Alcohol programme continued to roll out across New Zealand with vigour and enthusiasm from 20 communities. The programme, which focuses on supply reduction to those under 18 years old, involves communities that demonstrate their ability and commitment to work together on a range of activities, one of which is the high-profile *Think Before You Supply to Under 18s* publicity campaign.

The Taranaki launch in September was pivotal in achieving national media coverage and government support, taking place amid high public concern about youth drinking. Westport launched in March with impressive support from the community as well as Associate Minister of Health, Hon Damien O'Connor and Children's Commissioner Advocate and former All Black Norm Hewitt.

The Ngā Manga Pūiri group of Northland-based community leaders also received ALAC support during the year. Its approach to addressing alcohol misuse is through kaumātua, who provide leadership and training to Māori communities and whānau. ALAC worked with the group to develop new training modules and also brought group representatives to its Christchurch wānanga to share their approach with other Māori health and community workers. This was a highly motivating move for attendees.

ALAC also supported the Auckland-based Ngā Tahi Rā network in developing a video resource kit to reduce alcohol-related harm for rangatahi.

Significant steps were also taken during the year to establish networks with Māori in the South Island.

Some 15,000 Pacific families will benefit from a new relationship with primary healthcare organisation TaPasefika Health Trust. Based in South Auckland, TaPasefika will provide training and skill transfer on alcohol and drug issues for health professionals and the families on its register. The project will strengthen the skills and capacity of TaPasefika employees to engage with Pacific families so they can make informed health choices around alcohol to reduce harm.

### Resources for communities

Working together means helping communities to learn new or enhance existing skills in programme delivery. A number of resources were produced that will help achieve this.

In particular, *Strengthening Community Action on Alcohol* was launched in October. This practical guide supports the health promotion workforce by stimulating and fostering best practice in reducing alcohol-related harm. It provides information on theory, strategy and skills and takes its lead from the Ottawa Charter for Health Promotion. ALAC also provided training on the resource.

ALAC also worked on developing Pacific Island resources for the well known Host Responsibility programme. Host Responsibility uses a number of strategies aimed at creating safer drinking environments. ALAC worked closely with representatives from Pacific communities on their development, and this will enable Pacific people to own and implement them. The resources have been developed in three sets – Samoan, Cook Island Māori and Tongan. Each set will be available in the respective language as well as English.

The generic Host Responsibility programme was also reviewed during the year. With the original concepts well bedded in at licensed premises, ALAC went back to stakeholders to assess their relevance and identify new requirements. Individuals and organisations spoken to were all keen to see the resource refocus on reducing intoxication in licensed premises, providing further credence to ALAC's strategic decision to focus on intoxication as a matter of priority. An updated set of guidelines for Host Responsibility, and some supporting resources will be developed in the coming year.

### *New partnerships*

When considering how to advise New Zealanders of the recent introduction of compulsory standard drinks labels on alcohol, ALAC worked with representatives from the liquor, hospitality and liquor retail sectors. A programme to inform New Zealanders of the concept of a standard drink, so that people might better manage their consumption, has been developed and will be introduced in the new year. This programme signals a new way for ALAC to reach people, which is to use messengers who have direct and strong relationships with consumers.

### *Getting together*

ALAC has continued its role of bringing people together to share ideas on solutions for alcohol-related issues.

A major highlight of the year for ALAC was its co-hosting (with the Australian Drug Foundation) of the 4th International Conference on Drugs and Young People, in Wellington in May. This was the first time this conference, which explores the impact of alcohol and other drugs on the lives of young people, had been held outside Australia. It attracted some 450 delegates and an impressive line-up of national and international speakers.

Feedback on the conference was overwhelmingly positive, with overseas delegates particularly moved and impressed by the warmth of the welcome they received and the demonstrated commitment by New Zealanders to identifying strategies for working with Māori and Pacific people. ALAC was held in high esteem for its role in the conference and has been invited to help lead future conferences.

In October ALAC coordinated two regional “Partnerships Conferences” aimed at strengthening and extending local partnerships to reduce alcohol-related harm at a community level. These were held in Queenstown and Rotorua and both were well attended, bringing together the Police, Māori wardens, health promoters, district licensing agencies and Safer Community Councils, road safety coordinators and central government agencies. Highlights were addresses by Dr John Wiggers, University of New South Wales, on police intelligence gathering, and Judge Bill Unwin, Chairman of the Liquor Licensing Authority.

The first of ALAC’s planned series of wānanga to discuss alcohol-related issues for Māori was held at the Hui Whakawhānaungatanga in Auckland in November. ALAC presented workshops that were well attended and brought participants up to date with ALAC’s role and purpose and specifically the aims of its Māori Whānau programmes. Three further wānanga were held during the year, providing opportunities for Māori communities to discuss leadership and ways to reduce harm.

## *Taking the lead*

ALAC has a significant leadership role in alcohol-related issues. With its legislated mandate to reduce alcohol-related harm, it must continue to guide and provide expertise to its partners and the wider community.

### *Ensuring expertise*

Credibility and expertise are critical to providing leadership externally as well as within the organisation.

Recognising its strategic focus on Māori whānau, ALAC established a Kaumātua Advisory Group to advise and help it meet its Treaty obligations and ensure Council is responsive to Māori needs. ALAC confirmed three appointments to that group. Pihopa Kingi, Te Arawa Kaumātua and Chairman of the Rotorua Addiction Resource Centre, Te Utuhina Manaakitanga Trust, was appointed to head the group, supported by Nellie Rata from Te Tai Tokerau, an active member of Ngā Manga Pūriri, and Te Whe Phillips from Rāpaki, Te Waipounamu, who is actively involved at Te Rūnanga o Ngai Tahu.

### *Identifying needs and driving new work*

ALAC instigated and led two important pieces of work to improve the effectiveness of the Sale of Liquor Act during the year.

In the first, ALAC sought the expertise of a member of the Police’s Auckland Liquor Licensing Team to develop a “how to” manual for liquor licensing officers. The Act’s complexity, the turnover of liquor licensing personnel and

differing interpretations of the Act have made for many challenges in administering and enforcing the legislation. This joint initiative aimed to reduce inconsistencies and create a more reliable approach to enforcement.

The second project was the development of a set of draft guidelines for controlled purchase operations, to be used by District Licensing Agencies and public health groups when running the operations that seek to identify licensees selling to under-18s. ALAC instigated this work at the request of a number of communities that were keen to use the methodology but wanted best practice guidelines. The place of controlled purchase operations and their potential for enforcement have been tested through the court system this year, with a recent Court of Appeal decision confirming their place as one option available to the community.

## *Getting the message out*

Reaching people, whether to educate, advise or persuade, is pivotal for ALAC. Virtually every strategy on which ALAC embarks has a need for this.

### *Reaching youth*

Reaching youth is an ongoing challenge. While ALAC has identified the need to target adults as part of the process of achieving behavioural shifts among young people, work continues on educating and influencing young people's thinking and behaviour directly.

One such approach is a radio programme targeting rangatahi with Auckland radio station Mai FM, which has entered its third year. The evaluation of this programme demonstrates a very pleasing result, with significant attitudinal and behavioural shifts among listeners. Much of this can be attributed to the credibility of the messenger (the radio station), its understanding of and commitment to the issue of alcohol and young people, and its relationship with its listeners. Evaluation of this programme is ongoing.

### *Sponsorship*

Adults modelling behaviour and leading young people was the theme of the *Say When Halberg Awards*, of which ALAC is the principal sponsor.

Recognising that many young people learn their drinking habits in sporting environments, ALAC called on parents, coaches and other leaders in the sporting environment to think about the messages they send young people when they drink.

Radio and television advertisements were produced based on the words of an ALAC-commissioned jingle – “our young have their eyes on you, they are

watching and doing everything that you do”. Running the advertisements was a way to extend the message beyond the awards night itself. Media were also called upon to respect the message when reporting on sport and alcohol issues.

ALAC has continued the successful Manaaki Tangata programme, which offers community grants to iwi, hapū and Māori organisations wishing to implement Manaaki Tangata guidelines at community events such as health and sporting days and award ceremonies. The sponsorships can consist of a cash grant and/or a prize package designed for rangatahi that bears the Manaaki Tangata label. Providing 59 such grants facilitated the delivery of the message to a wide range of Māori at a variety of events as well as ensuring the events provided safe environments.

## *Solutions for those experiencing harm*

### *Early intervention*

A change in focus last year saw ALAC implement a new range of strategies to help people who had experienced, or were at significant risk of experiencing, alcohol-related harm. A number of these strategies, known as “early intervention”, have been implemented during the year.

A first step was to identify existing, successful early intervention programmes and resources in New Zealand. ALAC collected a range of information and from there was able to work on developing or introducing a range of intervention activities.

A number of excellent New Zealand-based interventions were identified, as well as an Australian assessment tool known as Drinkcheck. This tool, designed for community and health workers, workplace supervisors and others interacting with people experiencing problems with their drinking, was found to be particularly effective and has been adapted to suit New Zealand settings. It has been reconfigured and tested and will enable users to help others identify risky drinking behaviour and provide solutions for addressing it.

*Had Enough?* is an intervention pack ALAC has promoted for the past six years. It comprises a video action pack for people who are worried about their own or someone else’s drinking and is a first step in addressing dependence. A new set of advertisements was developed for television and radio. Using “Moderation Time” or gratis air time made available by television and radio broadcasters as a result of the 1992 introduction of liquor advertising, ALAC was able to achieve significant reach for the cost of producing the advertisements only. The advertising led to a trebling of calls to the ALAC-funded Alcohol Helpline (which distributes the video packs) and about 800 packs being sent out.

Alcohol Helpline received in excess of its target calls over the year, with a total of 15,476 to the end of June. This remains a critical service for anyone with worries or questions about alcohol.

An innovative new training tool for general practitioners, developed by ALAC and the Royal New Zealand College of General Practitioners, was launched in April. It aims to help GPs identify where alcohol may be a contributing factor to the conditions with which patients present. The training programme is web-based and interactive, which means GPs can study in the comfort of their own homes or offices, in their own time, and earn their required Continuing Medical Education (CME) credits.

The purpose is to upskill GPs so that they can identify and intervene early in the problem to minimise alcohol-related harm later. GPs are well placed to help identify the estimated one in five patients with some type of alcohol problem, as around 80% of the population are seen by GPs every year.

### *Supporting the alcohol and drug field*

ALAC retains strong and supportive relations with those in the alcohol and drug field, facilitating communication and information sharing.

In August, ALAC sponsored the seventh national treatment conference “Cutting Edge”. Held in Nelson, the conference attracted more than 300 people representing the wide range of services, groups and workers that make up the alcohol and drug treatment field in New Zealand. Delegates declared it arguably the best Cutting Edge to date.

Another significant milestone during the year was ALAC’s leading role in the establishment of a group that will promote and support the expertise of an important group of professionals in New Zealand – alcohol and drug practitioners. The Drug and Alcohol Practitioners’ Association Aotearoa New Zealand (DAPAANZ) has so far attracted over 380 members and will serve as a membership body, administering worker accreditation, establishing, promoting and managing ethical standards and advancing workforce development issues.

Regional staff have also participated in the review of alcohol and drug services during the year and helped some services to develop their strategic and business plans.

**STATEMENT OF RESPONSIBILITY***for the year ended 30 June 2003*

In terms of Section 42(2)(b) of the Public Finance Act 1989, in the financial year ended 30 June 2003 the Council and Management of the Alcohol Advisory Council of New Zealand were responsible for:

- the preparation of the annual Financial Statements and the judgements used herein
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Council and Management of the Alcohol Advisory Council of New Zealand, the annual financial statements for the year ended 30 June 2003 fairly reflect the financial position and operations of the Alcohol Advisory Council of New Zealand.



**Prof Andrew Hornblow CNZM**

Chairman

8 August 2003



**Dr Mike MacAvoy**

Chief Executive Officer

8 August 2003



**Nicola Varuhas**

Manager Corporate Services

8 August 2003

## REPORT OF THE AUDITOR-GENERAL

for the year ended 30 June 2003

### *To the readers of the financial statements*

We have audited the financial statements on pages 20 to 45. The financial statements provide information about the past financial and service performance of the Alcohol Advisory Council of New Zealand and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 20 to 23.

#### ***Responsibilities of the Council***

The Public Finance Act 1989 requires the Council to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Alcohol Advisory Council of New Zealand as at 30 June 2003, the results of its operations and cash flows and service performance achievements for the year ended on that date.

#### ***Auditor's responsibilities***

Section 15 of the Public Audit Act 2001 and Section 43(1) of the Public Finance Act 1989 require the Auditor-General to audit the financial statements presented by the Council. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Stephen Lucy, of Audit New Zealand, to undertake the audit.

#### ***Basis of opinion***

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Alcohol Advisory Council of New Zealand's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Alcohol Advisory Council of New Zealand.

***Unqualified opinion***

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Alcohol Advisory Council of New Zealand on pages 20 to 45:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Alcohol Advisory Council of New Zealand's financial position as at 30 June 2003;
  - the results of its operations and cash flows for the year ended on that date; and
  - its service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 8 August 2003 and our unqualified opinion is expressed as at that date.



**S B Lucy**

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

### *Matters relating to the electronic presentation of the audited financial statements*

This audit report relates to the financial statements of the Alcohol Advisory Council of New Zealand for the year ended 30 June 2003 included on the Alcohol Advisory Council of New Zealand's website. The Council are responsible for the maintenance and integrity of the Alcohol Advisory Council of New Zealand's website. We have not been engaged to report on the integrity of the Alcohol Advisory Council of New Zealand's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 8 August 2003 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## STATEMENT OF ACCOUNTING POLICIES

*for the year ended 30 June 2003*

The Alcohol Advisory Council of New Zealand (ALAC) was established by the Alcohol Advisory Council Act 1976 and reports to the Minister of Health. As from 1 July 1992 ALAC was deemed to be a Crown Entity under the Public Finance Act 1989.

### *Reporting Entity*

ALAC is funded from a levy on alcohol produced for sale within New Zealand.

The primary objective of ALAC is the encouragement and promotion of moderation in the use of liquor, the discouragement and reduction of the misuse of liquor, and the minimisation of the personal, social, and economic harm resulting from the misuse of liquor.

To achieve this objective, ALAC provides funding and advice in the three areas of health promotion, treatment and research.

These Financial Statements are prepared pursuant to Section 41 of the Public Finance Act 1989 and Section 38 of the Alcohol Advisory Council Act 1976.

### *Measurement System*

The general accounting principles recognised as appropriate for the measurement and reporting of income and expenditure and financial position on an historical basis are followed.

### *Accounting Policies*

The following accounting policies, which materially affect the measurement of financial performance, financial position and cash flows, have been applied:

#### *1. Budget Figures*

The budget is that approved by the Council and the Minister at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

#### *2. Revenue Recognition*

Levy income from locally produced beer, spirits, grape wine, fruit wine and imported liquor is recognised as income in the accounting period when earned and is then reported in the financial period to which it relates.

### 3. Property, Plant and Equipment

All fixed assets are capitalised and recorded at cost.

### 4. Depreciation

Fixed assets, other than artwork, are depreciated at rates that will write off the cost, on a straight line basis, of the assets to their estimated residual value over their useful life. The useful lives and associated depreciation rates used in the preparation of these financial statements are as follows:

Furniture and Fittings	10 years	10%
General Office Equipment	5 years	20%
Computer Equipment	3 years	33.3%
Leasehold Improvements	3 years	33.3%
Motor Vehicles	5 years	20%
Library Books	10 years	10%
Films and Videos	5 years	20%

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful life of the improvements, whichever is shorter.

### 5. Receivables

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectable debts.

### 6. Investments

Investments are stated at the lower of cost and net realisable value.

### 7. Employee Entitlements

Provision is made in respect of ALAC's liability for annual leave and long service leave, which has been calculated at a nominal value on an actual entitlement basis at current rates of pay.

### 8. Taxation

#### a) Income Tax

ALAC is exempt from the payment of income tax in terms of the Alcohol Advisory Council Act 1976.

#### b) Fringe Benefit Tax

FBT is payable on all fringe benefits.

### **c) Goods and Services Tax**

These financial statements are prepared on a GST exclusive basis except for accounts payable and accounts receivable, which are GST inclusive. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

### **9. Operating Leases**

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are recognised on a systematic basis over the period of the lease.

### **10. Financial Instruments**

ALAC is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, and creditors. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

There are no financial instruments that expose ALAC to foreign exchange risk or off-balance sheet risks.

All financial instruments, including bank accounts, short-term deposits, accounts receivable and accounts payable are disclosed at their estimated fair value.

### **11. Statement of Cash Flows**

“Cash” means cash balances on hand and held in bank accounts, demand deposits and other highly liquid investments in which ALAC invests as part of its day-to-day cash management.

“Operating activities” include all activities other than investing and financing activities. The cash inflows include all receipts from the sale of goods and services and other sources of revenue that support the Alcohol Advisory Council’s operating activities. Cash outflows include payments made to employees and suppliers and for taxes.

“Investing activities” are those activities relating to the acquisition and disposal of non-current assets.

## *12. Grants and Funding*

Contract commitments are recorded on a monthly basis.

Specific allocations against future years' revenue are recorded in the Statement of Commitments.

Funds are sometimes paid by instalments to meet the cash flow requirements of the programme as determined by the funding agreement.

## *13. Cost of Service Statements*

The Cost of Service Statements, as reported in the Statement of Service Performance, report the net cost of services for the outputs of the Alcohol Advisory Council and are represented by the costs of providing the output.

### **Cost Allocation:**

ALAC has derived the net cost of service for each output using the cost allocation system outlined below.

### **Cost Allocation Policy:**

Direct costs are charged directly to outputs wherever possible. Overheads are allocated to outputs on the basis of time recording.

### **Criteria for Direct Costs and Overheads:**

"Direct Costs" are those costs directly attributable to an output.

"Overheads" are those costs which cannot be identified in an economically feasible manner with a specific output.

For the year ended 30 June 2003 overheads accounted for 29.5% of ALAC's total costs (2002 24.2%).

## *Changes in Accounting Policies*

There have been no significant changes in accounting policies since the date of the last audited financial statements. All policies have been applied on bases consistent with last year.

**STATEMENT OF FINANCIAL PERFORMANCE***for the year ended 30 June 2003*

	Notes	Actual 2003 \$	Budget 2003 \$	Actual 2002 \$
<b>Revenue</b>				
Levies	1	7,736,501	6,400,000	7,545,128
Interest		107,553	90,000	90,210
Other Income		180,459	195,000	201,172
Gain on Sale of Fixed Assets		1,458	–	1,893
<b>Total Operating Revenue</b>		<b>8,025,971</b>	<b>6,685,000</b>	<b>7,838,403</b>
<b>Expenditure</b>				
Grants and Programme Costs	2	5,681,869	5,815,402	6,057,327
Operating Costs	3	2,369,799	1,900,598	1,934,565
<b>Total Expenditure</b>		<b>8,051,668</b>	<b>7,716,000</b>	<b>7,991,892</b>
<b>Net Surplus / (Deficit) for the Year</b>		<b>(25,697)</b>	<b>(1,031,000)</b>	<b>(153,489)</b>


**STATEMENT OF MOVEMENTS IN EQUITY***for the year ended 30 June 2003*

	Notes	Actual 2003 \$	Budget 2003 \$	Actual 2002 \$
Opening Accumulated Funds		2,370,909	2,187,000	2,524,398
Net Surplus / Deficit for the Year		(25,697)	(1,031,000)	(153,489)
Total Recognised Revenues and Expenses for the Year		(25,697)	(1,031,000)	(153,489)
<b>Closing Accumulated Funds</b>		<b>2,345,212</b>	<b>1,156,000</b>	<b>2,370,909</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION***for the year ended 30 June 2003*

	Notes	Actual 2003 \$	Budget 2003 \$	Actual 2002 \$
<b>Accumulated Funds</b>		<b>2,345,212</b>	<b>1,156,000</b>	<b>2,370,909</b>
Represented by:				
<i>Assets</i>				
<i>Current Assets</i>				
Cash and Bank		356,944	42,000	(2,495)
Short Term Deposits	4	1,350,341	600,000	1,606,884
Prepayments		11,539	50,000	9,296
Accounts Receivable	5	1,105,422	907,000	1,090,961
<b>Total Current Assets</b>		<b>2,824,246</b>	<b>1,599,000</b>	<b>2,704,646</b>
<i>Non-Current Assets</i>				
Loan	6	35,000	–	35,000
Property, Plant and Equipment	7	559,184	593,000	596,401
<b>Total Non-Current Assets</b>		<b>594,184</b>	<b>593,000</b>	<b>631,401</b>
<b>TOTAL ASSETS</b>		<b>3,418,430</b>	<b>2,192,000</b>	<b>3,336,047</b>
<i>Liabilities</i>				
<i>Current Liabilities</i>				
Accounts Payable	8	225,177	350,000	450,013
Grants Approved and Programme Costs Payable		688,742	471,000	307,884
Employee Entitlements	9	93,323	100,000	96,719
Provision for Surplus Lease Space		65,976	115,000	110,522
<b>TOTAL LIABILITIES</b>		<b>1,073,218</b>	<b>1,036,000</b>	<b>965,138</b>
<b>NET ASSETS</b>		<b>2,345,212</b>	<b>1,156,000</b>	<b>2,370,909</b>



Prof Andrew Hornblow CNZM

Chairman

8 August 2003



Dr Mike MacAvoy

Chief Executive Officer

8 August 2003

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS***for the year ended 30 June 2003*

	Notes	Actual 2003 \$	Budget 2003 \$	Actual 2002 \$
<b><i>Cash Flows from Operating Activities</i></b>				
<i>Cash was provided from:</i>				
Receipts from Levies and Other Revenue		8,017,064	5,715,000	7,878,082
Interest from Short Term Deposits		95,998	70,000	88,638
Net Cash Flow from GST		(141,758)	–	35,522
		7,971,304	5,785,000	8,002,242
<i>Cash was applied to:</i>				
Payments to Suppliers		5,527,167	4,412,000	6,031,497
Payments to Employees		2,112,909	2,098,889	1,858,064
<b>Net Cash Flows from Operating Activities</b>	<b>10</b>	<b>331,228</b>	<b>(725,889)</b>	<b>112,681</b>
<b><i>Cash Flows from Investing Activities</i></b>				
<i>Cash was provided from:</i>				
Sale of Fixed Assets		33,187	–	19,300
<i>Cash was applied to:</i>				
Purchase of Fixed Assets		261,519	236,500	439,220
Loan		–	–	35,000
<b>Net Cash Flows from Investing Activities</b>		<b>(228,332)</b>	<b>(236,500)</b>	<b>(454,920)</b>
Net Decrease in Cash		102,896	(962,389)	(342,239)
Add Opening Cash Brought Forward		1,604,389	1,604,389	1,946,628
<b>Closing Cash Balance</b>		<b>1,707,285</b>	<b>642,000</b>	<b>1,604,389</b>
<b><i>Actual Cash Balance</i></b>				
<i>Represented by:</i>				
Cash and Bank		356,944	42,000	(2,495)
Short Term Deposits		1,350,341	600,000	1,606,884
<b>Closing Cash Balance</b>		<b>1,707,285</b>	<b>642,000</b>	<b>1,604,389</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

**STATEMENT OF COMMITMENTS***for the year ended 30 June 2003***Grants and Payments**

At 30 June 2003, the Alcohol Advisory Council had approved funds for disbursements to individuals and organisations.

Payment of these funds is subject to:

- fulfilment of agreed performance criteria by the applicant
- continuation of the Alcohol Advisory Council's levy funding at the anticipated level. *NB: In some cases the funds approved are estimated amounts only and less funds may actually be disbursed*

The amount approved as at 30 June is:

	2003	2002
	\$	\$
Not later than one year	661,834	1,023,255
Later than one year and not later than two years	320,000	556,005
Later than two years and not later than five years	–	320,000
Later than five years	–	–
	<b>981,834</b>	<b>1,899,260</b>

**Rental Expenses Committed**

Leases on Alcohol Advisory Council's premises in Wellington, Christchurch and Auckland:

Not later than one year	421,646	392,326
Later than one year and not later than two years	284,889	392,326
Later than two years and not later than five years	187,815	348,312
Later than five years	19,547	7,113
	<b>913,897</b>	<b>1,140,077</b>

**Operating Commitments**

Non-cancellable lease payments for office equipment:

Not later than one year	12,139	22,126
Later than one year and not later than two years	12,118	12,118
Later than two years and not later than five years	17,561	20,049
Later than five years	–	–
	<b>41,818</b>	<b>54,293</b>

<b>Total Commitments</b>	<b>1,937,549</b>	<b>3,093,630</b>
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**Capital Commitments**

As at 30 June 2003 no capital expenditure had been committed under contractual arrangements (Nil at 30 June 2002).

**STATEMENT OF CONTINGENT LIABILITIES***for the year ended 30 June 2003*

There were no contingent liabilities outstanding as at 30 June 2003 (Nil at 30 June 2002).

**The accompanying accounting policies and notes form an integral part of these financial statements.**

**NOTES TO THE STATEMENTS OF ACCOUNT***for the year ended 30 June 2003***Note 1: Income from Levies**

	Actual 2003 \$	Actual 2002 \$
Locally Produced Beer, Spirits and Imported Liquor	6,021,290	5,732,087
Locally Produced Grape Wine	1,690,825	1,758,743
Locally Produced Fruit Wine	24,386	54,298
<b>Total</b>	<b>7,736,501</b>	<b>7,545,128</b>

**Note 2: Grants and Programme Costs****Output Class**

Māori Wānau	805,237	–
Pacific People	393,585	–
Young People	1,030,583	–
Supply and Provision	537,750	–
Early Intervention	884,253	–
Advice, Information and Advocacy	2,030,461	–
Policy	–	324,552
Information and Communication	–	1,830,197
Research	–	893,040
Workforce Development	–	743,355
Intersectoral	–	1,298,834
Treatment	–	967,349
<b>Total</b>	<b>5,681,869</b>	<b>6,057,327</b>

**Sub Output Class**

Māori	–	955,952
Young People	–	498,166
Pacific People	–	269,223
Sport	–	333,239
Premises	–	108,905
Problem Drinking	–	994,235
Risk / Harm	–	475,299
Generic	–	2,422,308
<b>Total</b>	<b>–</b>	<b>6,057,327</b>

Figures include programme salary costs of \$1,368,863 (\$1,162,396 in 2002).

Included above in the respective output classes is the Prior Year Approval expenditure.

**Note 3: Operating Costs**

	Actual 2003 \$	Actual 2002 \$
Depreciation – Motor Vehicles	14,803	17,939
Depreciation – Library Books, Films and Videos	680	633
Depreciation – General Office Equipment	14,706	11,163
Depreciation – Computer Equipment	134,202	107,221
Depreciation – Leasehold Improvements	90,526	71,073
Depreciation – Furniture and Fittings	12,090	5,505
Rent	383,810	398,459
Administration Employee Remuneration	696,514	491,087
Administration Employee-Related Costs	193,164	204,582
Council Fees	102,517	89,667
Audit Fee	22,500	25,000
Lease and Rental Costs	13,425	61,067
Loss on Disposal of Fixed Assets	–	–
Other Operating Costs	690,862	451,169
<b>Total</b>	<b>2,369,799</b>	<b>1,934,565</b>

The Output Class amounts in the Statement of Service Performance of \$8,051,668 equal the total of Note 2 Grants and Programme Costs \$5,681,869 and Note 3 Operating Costs \$2,369,799.

**Note 4: Short Term Deposits**

Short term deposits relate to the monies on call and term deposits.

AutoCall	296,176	594,153
Term Deposits (under 6 months)	1,054,165	1,012,731
<b>Total</b>	<b>1,350,341</b>	<b>1,606,884</b>
Weighted Average Effective Interest Rates	5.60%	5.04%

**Note 5: Accounts Receivable**

	Actual 2003 \$	Actual 2002 \$
Debtors	71,108	94,709
Levies Receivable	931,304	996,252
GST Receivable	103,010	–
<b>Total</b>	<b>1,105,422</b>	<b>1,090,961</b>

**Note 6: Loan**

Non-interest bearing loan to Te Huarahi Ki Te Oranga Pai Trust secured by way of a mortgage over Trust property	35,000	35,000
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**Note 7: Property Plant and Equipment**

	Cost \$	Accumulated Depreciation \$	Net Book Value \$
<b>2003</b>			
Artwork	17,308	–	17,308
Motor Vehicles	91,349	29,868	61,481
Library Books and Films	95,896	95,150	746
General Office Equipment	126,236	90,123	36,113
Computer Equipment	546,939	302,780	244,159
Leasehold Improvements	368,510	262,580	105,930
Fixtures, Furniture and Equipment	192,851	99,404	93,447
<b>Total</b>	<b>1,439,089</b>	<b>879,905</b>	<b>559,184</b>

**2002**

Artwork	17,308	–	17,308
Motor Vehicles	95,171	32,687	62,484
Library Books and Films	95,463	94,470	993
General Office Equipment	120,373	75,417	44,956
Computer Equipment	508,454	266,364	242,090
Leasehold Improvements	352,884	172,054	180,830
Fixtures, Furniture and Equipment	184,443	136,703	47,740
<b>Total</b>	<b>1,374,096</b>	<b>777,695</b>	<b>596,401</b>

**Note 8: Accounts Payable**

	Actual 2003 \$	Actual 2002 \$
Sundry Creditors	136,179	333,342
Salary Accrual	88,998	77,923
GST Payable	–	38,748
<b>Total</b>	<b>225,177</b>	<b>450,013</b>

**Note 9: Employee Entitlements**

Annual Leave	89,746	91,873
Long Service Leave	3,577	4,846
<b>Total</b>	<b>93,323</b>	<b>96,719</b>

**Note 10: Reconciliation of Net Surplus / (Deficit) with Net Cash Flows from Operating Activities**

<b>Net Surplus / (Deficit) from Operations</b>	(25,697)	(153,489)
<b>Add / (Less) Non-Cash Items</b>		
Depreciation Expense	267,007	213,534
<b>Total Non-Cash Items</b>	<b>267,007</b>	<b>213,534</b>
<b>Add / (Less) Movements in Working Capital Items</b>		
Decrease / (Increase) in Accounts Receivable	(14,461)	130,210
Decrease / (Increase) in Prepayments	(2,243)	33,870
(Decrease) / Increase in Current Liabilities	156,022	(67,622)
(Decrease) / Increase in Employee Entitlements	(3,396)	2,619
(Decrease) / Increase in Provision for Surplus Lease	(44,546)	(44,548)
<b>Net Working Capital Movements</b>	<b>91,376</b>	<b>54,529</b>
<b>Add / (Less) Items Classified as Investing Activities</b>		
Net Loss / (Gain) on Sale of Fixed Assets	(1,458)	(1,893)
Decrease / (Increase) in Current Liabilities for Purchase of Fixed Assets	–	–
<b>Total of Investing Activities</b>	<b>(1,458)</b>	<b>(1,893)</b>
<b>Net Cash Flow from Operating Activities</b>	<b>331,228</b>	<b>112,681</b>

### ***Note 11: Financial Instruments***

The Alcohol Advisory Council has a series of policies providing risk management for interest rates and operating expenditures, and the concentration of credit. The Alcohol Advisory Council is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature to be entered into.

#### **Credit Risk**

Credit risk is the risk that a third party will default on its obligation to the Alcohol Advisory Council, causing it to incur a loss.

The Alcohol Advisory Council has a minimal credit risk in its holdings of various financial instruments. These instruments include cash, short term deposits and accounts receivable.

The Alcohol Advisory Council places its investments with institutions with a minimum AA credit rating.

It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. The Alcohol Advisory Council believes that these policies reduce the risk of any loss which could arise from its investment activities. The Alcohol Advisory Council does not require any collateral or security to support financial instruments.

#### **Fair Values**

The fair value is equivalent to the carrying amounts of financial instruments disclosed in the Statement of Financial Position.

#### **Credit Facilities**

The Alcohol Advisory Council of New Zealand did not have bank overdraft or other credit facilities as at 30 June 2003 (Nil at 30 June 2002).

#### **Currency and Interest Rate Risk**

There is no exposure to currency risk or significant exposure to interest rate risk on the Council's financial instruments.

### ***Note 12: Related Party Transactions***

The Alcohol Advisory Council of New Zealand is a wholly owned entity of the Crown.

The Alcohol Advisory Council has entered into some transactions with government departments, Crown Agencies and State Owned Enterprises on an arms length basis. Where those parties are acting in the course of their normal dealings with the Alcohol Advisory Council, related party disclosures have not been made for transactions of this nature.

During the period, Council member Fuimaono Karl Pulotu-Endemann provided consultancy services for Output Class 2, Pacific People. The cost of these services amounted to \$5,906.25.

**Note 13: Employee Remuneration**

	Number of Employees	
	2003	2002
Total Remuneration and Benefits		
\$000		
\$100-110	1	–
\$110-120	–	1
\$120-130	–	–
\$130-140	1	–
\$140-150	1	–
\$150-160	–	1
\$160-170	1	–

The Chief Executive's remuneration and benefits are in the \$160 - \$170,000 band. (\$150 - \$160,000 band in 2002).

**Note 14: Council Remuneration**

Council members earned the following fees during the year:

	2003	2002
	\$	\$
Allan B (resigned Deputy Chairperson January 2003)	5,937	11,875
Armstrong D	9,500	4,750
Brown R	9,500	9,500
Bunkle P (from January 2003, resigned May 2003)	–	–
Hornblow A R (Chairperson)	21,000	20,000
Logan-Milne S (retired January 2003)	4,750	9,500
Pulotu-Endemann F	9,500	4,750
Robinson M (retired January 2002)	–	5,542
Scott I	9,500	9,500
Stockdale M (Deputy Chairperson)	10,292	9,500
Tanoi E (retired December 2001)	–	4,750
Tasker G (from January 2003)	4,750	–
<b>Total Council Fees</b>	<b>84,729</b>	<b>89,667</b>

**Note 15: Major Budget Variances**

Major variances between budget and actual for 2002/2003 are:

**Levy Income**

Levy income of \$7,736,501 at June 2003 as presented in the Statement of Financial Performance is over the budget of \$6,400,000.

The levy budget has not been revised since 1999, as an increase had not been formally approved by the Minister.

The variance in the levy sum collected as against the budget of \$6.4 million is the result of shifts in the consumption of alcohol and the effect of inflation on alcohol products.

The Minister has approved a levy budget for the 2003/2004 financial year of \$8 million.

**Expenditure**

The annual budget set in July 2002 totalled \$7,716,000. In September and December 2002 there were two approved budget revisions.

These revisions increased budget expenditure by \$602,900 to a revised budget expenditure total of \$8,318,900.

This provided funding to escalate the implementation of a number of key projects in Output Classes 1, 3, 4 and 6, which support ALAC's key strategies as set out in the Strategic Plan.

**Short Term Deposits**

Short Term deposits of \$1,350,341 at 30 June 2003, as presented in the Statement of Financial position are higher than the budget of \$600,000.

The variance is due to higher than budgeted levy income.

# STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2003

## Output Class 1 – Māori Whānau

### Overview

ALAC hosted and supported a range of hui and wānanga with Māori communities to encourage and facilitate those communities to look at ways of addressing alcohol-related harm. Support was also provided through training grants to upskill Māori working with whānau and through the Manaaki Tangata sponsorship programme that encourages safe alcohol-use practices at Māori community events.

The Māori provider network was consulted through eight regional hui on the development of a quality assessment framework for Māori alcohol and drug services.

ALAC also strengthened its Māori capacity with the establishment of a Kaumātua Advisory Group. This group both advises Council and plays a key role in securing iwi and Māori community support to address alcohol-related harm.

The iwi radio programme designed to encourage rangatahi Māori to adopt safe-use practices with alcohol, continued to be delivered through the Mai FM iwi radio network. This programme will be evaluated next year but shows the same signs of success as its companion programme delivered by Mai FM for the Auckland audience.

Evaluation of the current community programme in Northland has begun and once completed this information will be made available to other agencies working in the area of community action and development.

### Key Performance Indicator

#### KPI 1

Support current and provide assistance to establish new Māori community networks to develop whānau and community programmes and initiatives to reduce alcohol and drug-related harm.

#### Achieved

Existing networks of Ngā Manga Pūriri and Moerewa (Tai Tokerau), and Ngā Tahī Rā (Auckland) were supported and met contractual requirements. The new network agreement for Te Waipounamu was negotiated with He Oranga Pounamu.

<i>Budget</i>	<i>Revised Budget</i>	<i>Actual Expenditure</i>
\$1,038,000	\$1,193,300	\$1,109,719

#### Financial Variance Commentary

The budget was revised during the year to include additional funding for the Mahia te Mahi programme and Māori Competency.

The expenditure variance results from the programme of Wānanga & Establishment of Networks and the Moerewa Community Development Project being completed and fully achieved under budget.

## ***Output Class 2 – Pacific People***

### ***Overview***

ALAC focused much of its activity in this output on building relationships with the Pacific community so attended and hosted a range of fono around the country to support Pacific communities in identifying culturally appropriate ways to address alcohol-related harm in this diverse community. In order for this to happen it was recognised that the Pacific community needed access to basic information on alcohol and its use. Accordingly, information on upper limits of responsible drinking was produced and distributed in the six main Pacific languages of Cook Island Māori, Samoan, Tongan, Fijian, Tokelauan and Niuean. In addition, starting with Cook Island Māori, Samoan and Tongan versions, Host Responsibility guidelines were developed and will be followed up with training at the community level.

The first Pacific Primary Health Organisation (PHO), TaPasefika, was established in Auckland and ALAC contracted it to train its workforce to identify the families with alcohol harm and support those families in addressing the drinking practices giving rise to that harm.

### ***Key Performance Indicators***

#### ***KPI 2***

Develop jointly with the Ministry of Health and Ministry of Pacific Island Affairs a plan to implement the Pacific Drug and Alcohol Consumption Survey.

#### ***Could Not be Achieved***

The Ministry of Health undertook the survey independently.

#### ***KPI 3***

Subject to successful negotiation between the Ministry of Health, Ministry of Pacific Island Affairs and ALAC, report to Council on progress toward completing stage 1 of the Pacific Drug and Alcohol Consumption Survey.

#### ***Could Not be Achieved***

The Ministry of Health undertook the survey independently.

#### ***The Council Approved Two Revised KPIs During the Year***

##### ***Revised KPI***

- Contract TaPasefika Health Trust to design and commence development of a

programme of training, aimed at strengthening the capacity of TaPasefika employees as well as Pacific families registered with the service to reduce harm from alcohol.

#### ***Achieved***

The first progress report from TaPasefika has been received and accepted.

#### ***Revised KPI***

- Contract Auckland UniServices Ltd to commence research covering Pacific adolescent drinking patterns and report on progress towards it.

#### ***Achieved***

The first progress report from Auckland UniServices Ltd has been received and accepted.

<b><i>Budget</i></b>	<b><i>Revised Budget</i></b>	<b><i>Actual Expenditure</i></b>
\$548,000	\$548,400	\$568,260

#### ***Financial Variance Commentary***

The expenditure variance is mainly attributable to the need to identify and establish a new deliverable when the Ministry of Health no longer required ALAC's contribution to the Pacific Drug and Alcohol Consumption survey. The new project involved the TaPasefika Health Trust workforce to enable them to work with Pacific families and communities to minimise harm from alcohol.

## ***Output Class 3 – Young People***

### ***Overview***

ALAC worked with 20 communities throughout the country to support them in implementing local campaigns to reduce harm from the inappropriate and illegal supply of alcohol to those under 18 years of age. The programme, operating under the banner *Think Before You Supply to Under 18s*, is an integrated community action initiative managed and delivered at the local level for which ALAC provided training and ongoing advice and information. The programme was also built into the government-led Ministers' Action Plan on Alcohol and Illicit Drugs.

Continuing its strategy to support local communities in addressing alcohol-related harm, ALAC produced the resource *Strengthening Community Action on Alcohol*. Upwards of 100 people working at the local level have been provided with training in developing effective local-level projects to reduce alcohol-related harm, using this resource as a framework for action.

A major development for ALAC in the area of young people has involved research into the attitudes and beliefs of young people toward alcohol with a view to developing a campaign to influence those behaviours to reduce harm. The research

identified that the drinking behaviours of young people could not be addressed in isolation from those of the adult population. This research will be used to inform a programme of work around changing New Zealanders' attitudes to and ultimately behaviours around intoxication.

The Mai FM (Auckland) radio programme, designed to encourage rangatahi Māori to adopt safe-use practices with alcohol, continued to be delivered to its Auckland-based audience. This programme once more evaluated well with high awareness, acceptance and reported behaviour change at levels not achieved in any previous ALAC programme.

ALAC was joint host with the Australian Drug Foundation (Victoria) of the 4th International Conference on Drugs and Young People held in Wellington in May 2003. Over 450 people from 15 countries attended the conference.

On behalf of a number of contributing government and non-government organisations, ALAC continued to manage the Urge/Whakamanawa website. This site, operated by Youthline under contract, provides accessible and attractive information to young people on a range of adolescent issues, including information and advice on alcohol, drugs, sexuality, mental health, etc, and continues to evaluate well.

### *Key Performance Indicators*

#### **KPI 4**

One paper suitable for publication in a peer-reviewed journal on the use of a computerised audit as a screening and intervention tool will have been received by Council.

#### ***Achieved***

*Incentives to increase participation in an internet survey of alcohol use: a controlled experience* by Kypri, K. and Gallagher, S. J. has been accepted for publication (in press).

#### **KPI 5**

Establish baseline measurements of adult supply of alcohol to young people for six communities in order to evaluate future programmes to reduce illegal or irresponsible supply of alcohol to those under 18 years of age.

#### ***Achieved***

The monitoring framework has been established and distributed to 20 communities actively delivering the *Think Before You Supply to Under 18s* programme, in order to evaluate the effectiveness of this programme at the local level.

#### **KPI 6**

Maintain or improve the *60% awareness* and *90% relevance* of the Auckland *Stay*

*in Play (SIP)* campaign for the Māori and Pacific audience 14-18 years, to reduce alcohol-related harm.

***Achieved***

The August 2002 BRC programme evaluation results showed increased awareness by the target audience. The age range for the survey was altered to cover young people aged 14-24 years to better reflect the target audience for the Auckland SIP programme and reported figures are for the wider age range. For Māori young people total awareness of the SIP message was up to 77% (71% for those aged 14-18 years). For Pacific young people there was a 74% awareness of the message, with a total awareness rate of 58% for the whole population in the age range. Close to 90% relevance was achieved, with 84% of Māori (89% for those aged 14-18 years) and 87% of Pacific young people, aged 14-24 years, agreeing, “SIP is aimed at me and my friends”. (Pacific youth aged 14-18 were not separately evaluated.)

***KPI 7***

Urge/Whakamanawa site usage maintained or increased from 2001/2002 levels as specified in the provider contract.

***Achieved***

The site visits increased from an average of 9,000 per month in the last six months of 2001/2002 to an average of 12,000 visits per month in 2002/2003.

***KPI 8***

Report to Council on the results of the annual Youth Monitor survey of drinking and young people.

***Achieved***

The Youth Monitor was completed in June 2003 and will be reported to Council at its first meeting in the new financial year.

<b><i>Budget</i></b>	<b><i>Revised Budget</i></b>	<b><i>Actual Expenditure</i></b>
\$1,295,000	\$1,324,700	\$1,304,521

Expenditure approved in the prior year, 2001/2002, included in the above, \$75,945.

***Financial Variance Commentary***

The budget was revised during the year to include funding for research to support the intoxication campaign. All projects were completed and achieved. The expenditure variance has resulted from spending in Community Action Initiatives and the 4th International Conference on Drugs and Young People being offset by savings in the Auckland SIP campaign, the Urge/Whakamanawa website and Monitoring and Identifying Effective Interventions.

## **Output Class 4 – Supply and Provision**

### **Overview**

This year ALAC worked closely with the New Zealand Police to produce policy and practice guidelines for liquor licensing with the aim of improving the enforcement of the Sale of Liquor Act. ALAC and the Police also worked together to identify ways that police could gather quality intelligence at the local level to improve their ability to intervene early to reduce alcohol-related crime. The strategy first developed in New South Wales is being considered by the New Zealand Police for implementation. Draft guidelines for controlled purchase operations have also been developed and are ready for consultation.

ALAC continued in its role as a principal sponsor of the *Say When Halberg Sports Awards*. This year promotional activities around the Awards focused on encouraging adults to model appropriate drinking behaviours around young people in sporting environments.

Strong relationships were maintained with the hospitality industry through the two regional Partnerships Conferences held in Queenstown and Rotorua and attended by over 250 people. ALAC also continued to produce and distribute *SoLTalk*, the newsletter for the hospitality industry.

Design plans for a campaign on “intoxication” are underway, with much of the input work coming from the research into young people and drinking. However, plans for campaign implementation will be delayed until funds are available.

### **Key Performance Indicators**

#### **KPI 9**

Practices and policies to improve the implementation of the Sale of Liquor Act identified and reported to Council.

#### **Achieved**

A Police *Liquor Licensing Manual* has been produced and reported to Council. Draft guidelines on controlled purchase operations have been received and ALAC’s Host Responsibility Strategy has been reviewed.

#### **KPI 10**

Evaluate the 2003 *Say When Halberg Sports Awards* and report to Council with recommendations for improving the promotion of the *Say When* message through this medium.

#### **Achieved**

The promotional activity and recommendations on areas of improvement were reported to Council in March 2003. An evaluation of the awareness of the communications strategy was received in June 2003. The evaluation showed the

new advertisements achieved 40% prompted recall and 69% message recall. They will be reported to Council at the first meeting of the 2003/2004 year.

<b>Budget</b>	<b>Revised Budget</b>	<b>Actual Expenditure</b>
\$819,200	\$819,200	\$643,117

Expenditure approved in the prior year, 2001/2002, included in the above, \$2,579.

### ***Financial Variance Commentary***

The first stage of the social marketing programme covered research into young people's and adults' supply and consumption behaviours. The research showed that the planned approach to address these behaviours in a social marketing programme needed further work and investigation before any programme could be designed. Therefore the funds for this programme were not fully taken up in this financial year.

## ***Output Class 5 – Early Intervention***

### ***Overview***

This output represented new work for ALAC and much of the activity was investigatory and developmental in nature. A national stocktake was commissioned to identify what early intervention programmes were being delivered by health providers and what early intervention resources were available. As part of this stocktake, ALAC identified an Australian resource for possible application in New Zealand. The resource, "Drinkcheck", has been customised to the New Zealand context for distribution to a wide range of health and social services providers in the following year.

Jointly with the Engineering, Printing and Manufacturing Union, ALAC has funded the evaluation of a workplace early intervention programme being delivered by New Zealand Post to its employees. The programme, called *Not At Work Mate*, is delivered to 6,000 employees with the evaluation being undertaken by the Injury Prevention Research Centre at Auckland University. Depending on the results of the evaluation, ALAC plans to support other employers in delivering similar programmes in their workplaces.

An online training resource for General Practitioners was developed and adopted by the Royal New Zealand College of General Practitioners to support GPs identifying alcohol-related problems being experienced by their patients and to facilitate early intervention. ALAC continued its support for self-assist programmes with continued funding to the Alcohol Helpline and continued delivery of the *Had Enough?* resource.

A communication strategy was developed to promote the concept of standard drinks, in consultation with the alcohol industry. Information on standard drinks will be a key platform from which ALAC will inform New Zealanders on managing consumption.

ALAC continued to provide information on the risks of drinking during pregnancy to community health providers and the general public.

### *Key Performance Indicators*

#### ***KPI 11***

Report to Council on the findings of a review of current Early Intervention programmes and resources delivered in New Zealand.

#### ***Achieved***

The stocktake was completed and provided to Council.

#### ***KPI 12***

Maintain or increase the Alcohol Helpline call numbers at 10,000 per year.

#### ***Achieved***

Calls to the Alcohol Helpline exceeded the target by 5,476, totaling 15,476 for the year. Calls for the 2001/2002 year were 10,400.

<b><i>Budget</i></b>	<b><i>Revised Budget</i></b>	<b><i>Actual Expenditure</i></b>
\$1,134,000	\$1,134,000	\$1,126,647

Expenditure approved in the prior year, 2001/2002, included in the above, \$16,731.

#### ***Financial Variance Commentary***

Expenditure savings resulted from Alcohol Helpline and Advocacy Support, this work being completed under budget, being partially offset by over-expenditure in Early Intervention Resources and FAS Interventions.

## ***Output Class 6 – Advice, Information and Advocacy***

### ***Overview***

ALAC's Advice, Information and Advocacy functions cover a broad range of responsibilities including some statutory in nature.

#### ***Policy***

ALAC provided advice to government, the non-government sector and some international organisations on the following issues:

- Excise Duty
- *National Guidelines on the Naming, Packaging and Merchandising of Alcoholic Beverages*
- Prohibiting Alcoholic Products Deemed Not in the Best Interests of the Community
- Regulating and controlling the supply of alcohol to young people

- Action Plan on Alcohol and Illicit Drugs
- The effectiveness of the Sale of Liquor Act 1989
- New Zealand Injury Prevention Strategy
- General Violence Strategy

Policy statements were presented to Council and posted on ALAC's website on:

- Regulation of the drinking of alcohol in public places
- Upper limits for responsible drinking
- Warning labels on alcoholic beverages
- Alcohol advertising and sponsorship

ALAC also developed and verbally presented a submission to the Liquor Advertising Review 2003. As part of this work, the policy team completed a paper on systematic reviews of research on the effects of liquor advertising for Council. The submission is available on ALAC's website.

As part of its international liaison role ALAC provided advice and comment on the development of the National Alcohol Strategy in Britain, at the request of the British Cabinet Office. Close liaison occurs between the state, territory and federal governments in Australia and in Canada.

### *Information services*

ALAC's public information and library service was maintained, with considerable development work completed for a future upgrade of the website and the overall Information and Communications Technology operating environment. The Alcohol & Drug netlink and Te Kupenga email services enabling the alcohol and drug workforce to share information and ideas were also maintained as was the Sale of Liquor Act service.

### *Regional services*

Support to the alcohol and drug field for the delivery of ALAC projects at the local level was maintained from offices based in Christchurch, Wellington and Auckland. Local-level projects included collaborative work on tertiary students and alcohol, migrant alcohol-related harm, water safety, student drinking and treatment advocacy. In addition, regional services supported the delivery of Youth Access to Alcohol community work, liaison with the hospitality industry, communities working in the area of fetal alcohol syndrome, the stocktake on early intervention, the networking with Māori and Pacific providers.

### *Conferences and travel grants*

ALAC maintained its support for the alcohol and drug workforce by providing grants to enable seven people to undertake overseas study and professional development opportunities.

### *Advocacy services*

The aim of ALAC's treatment advocacy role is to ensure New Zealanders have access to the appropriate treatment services when needed. To this end, ALAC invested in supporting the National Treatment Forum and the establishment of the Drug and Alcohol Practitioners Aotearoa New Zealand Association and liaised extensively with treatment providers and their funding bodies and the District Health Boards to identify ways to improve access to and quality of service. ALAC has also contributed to the Southern and Central regional reviews of treatment service.

The Cutting Edge conference, supported by ALAC and managed by the National Addictions Centre, formerly the National Centre for Treatment Development (NCTD) and the National Treatment Forum, were held in Nelson and evaluated well.

### *Generic research*

Ongoing ALAC research contracts all met agreed deliverables. Areas under research include: determining New Zealand priorities for interventions to reduce the burden and costs of alcohol-related death, disease and disability; men, sport and drinking cultures; and young people, alcohol and safer public places. A tutor programme was designed and delivered entitled Mental Health Support Workers' Resource. In addition, two visiting fellows, Dr Jurgen Rehm and Dr Harold Holder, successfully completed their New Zealand engagements.

### *Key Performance Indicators*

#### ***KPI 13***

Develop policy statements for Council, including policies on the minimum legal drinking age, alcohol advertising and sponsorship and binge drinking.

#### ***Achieved***

The policy statement on alcohol advertising and sponsorship was completed as part of the submission to the Liquor Advertising Review 2003. Other policy statements submitted to and endorsed by Council were: regulation of the drinking of alcohol in public places; upper limits for responsible drinking; and warning labels on alcoholic beverages.

#### ***KPI 14***

80% of external users of ALAC's library and information service were "satisfied" or "more than satisfied" with the service provided.

#### ***Not Achieved***

It is not possible to report satisfactorily on the achievements of this KPI as the response to the survey was too low to provide a statistically valid measure.

**KPI 15**

Academic teaching, short courses, research into treatment efficacy and consulting services to the treatment sector provided under contract.

**Achieved**

The terms and conditions of the contract with the National Addictions Centre (formerly the NCTD) were all met.

<b><i>Budget</i></b>	<b><i>Revised Budget</i></b>	<b><i>Actual Expenditure</i></b>
\$2,882,000	\$3,299,300	\$3,299,404

***Financial Variance Commentary***

The budget was revised during the year to include additional funding to cover Moderation Time, Information and Communication and Depreciation. Work in this output class was completed and achieved within budget.











ALCOHOL ADVISORY COUNCIL  
OF NEW ZEALAND

KAUNIHERA WHAKATUPATO WAIPIRO O AOTEAROA