

THE PROPOSAL



ALCOHOL FEES BYLAW 2019

1. INTRODUCTION

Since November 2013 Council has had the ability to amend the fees charged for alcohol licensing related functions under the Sale and Supply of Alcohol Act 2012. For the past 3 years the cost recovery for licensing functions has only achieved 42% - 52% with the balance being met by rates.

The Sale and Supply of Alcohol Act 2012 and associated regulations provide the expectation that alcohol licensing should be 'user pays'. The proposal is to cover 90% of the costs incurred by the Council to administer alcohol licensing. The remainder of costs will be subsidised via rates which is consistent with the Council's other charges for services.

2. BACKGROUND

One of Council's regulatory prescribed roles is to undertake licensing and monitoring functions in relation to the sale of alcohol. The Sale and Supply of Alcohol Act 2012 (the Act) came into force in December 2012. Since November 2013 Council's fees have been prescribed and charged in accordance with the Sale and Supply of Alcohol (Fees) Regulations 2013 (the Regulations).

Council can set fees above those set by the Regulations, where necessary, to recover total costs.

Any such fees must be set through a bylaw.

3. DISCUSSION

Council has incurred additional costs to meet legislative requirements in relation to alcohol related activities. This includes the new requirements to establish and maintain the District Licensing Committee and paying members of the committee to determine applications as per the Council's fee schedule. The Act also prescribes expanded monitoring and reporting requirements of Licensing Inspectors, adding to staff resourcing costs.

While most applications are straightforward and proceed unopposed, those that are opposed are required to be determined by way of public hearings before a full committee and to date such hearings have ranged from half a day to two days of sitting time.

The new regulations have increased Council's cost recovery related income but this has to be balanced against the additional workload required.

Current fees

The cost to Council associated with alcohol licensing is not being funded adequately by the current licensing fees set by regulation and outlined below.

Financial Year	Annual Alcohol Revenue	Annual Alcohol Expenditure	Shortfall	Percentage of expenditure recovered
2017/18	\$239,858	\$464,277	\$224,419	52%
2016/17	\$193,286	\$464,277	\$270,991	42%
2015/16	\$229,680	\$464,277	\$234,598	49%

The Sale and Supply of Alcohol Act and associated regulations provides the expectation that alcohol licencing should be 'user pays'.

4. PROPOSAL

The Regulations provide that bylaw fees relating to manager's certificates must be the same across all territorial authorities including Hutt City Council.

It is proposed to increase the fees by the same percentage amount across all categories (excluding manager's certificates) to preserve the relativity of the fee structure of the Regulations and to ensure consistency as required by the Act.

Any increase in fees is proposed to become effective from 1 July 2019.

Legal requirements when setting fees

Any bylaw must be consistent with the Sale and Supply of Alcohol Act and any regulations. The Regulations provide the framework within which Councils are enabled to charge fees for their costs relating to licensing and other matters under the Act. This includes:

- application fees (which cover the cost of the licence application and grant)
- annual fees (which cover the cost of monitoring) for on licences, off licences, and club licences
- fee categories for on, off and club licences. The fees category for any premises is determined by reference to its cost/risk rating, which is arrived at on the basis of 3 factors: type of premises (e.g. class of restaurant, class of club, hotel or grocery store) latest alcohol sales times, and number of recent enforcement actions. There are 5 categories for premises: very low, low, medium, high and very high
- for special licences, the Regulations prescribe a range of licence fees that reflect the number and size of the event(s) to be held in the relevant premises
- manager's certificates.

The Regulations further provide in regulation 7 that fees set through a bylaw must be set in the context of that framework. The proposed fee structure mirrors this framework and shows a uniform increase in all fee classes.

Below is the proposed fee schedule:

Risk category	Application fee	Annual fee	Application fee	Annual fee
Very low	368.00	161.00	700.00	300.00
Low	609.50	391.00	1,150.00	750.00
Medium	816.50	632.50	1,550.00	1,200.00
High	1,023.50	1,035.00	1,900.00	1,900.00
Very high	1,207.50	1,437.50	2,200.00	2,700.00
Special Licences		Fee	Standard fee - 20 working days	Fast track fee - 10 working days
Class1		575.00	1,000.00	2,000.00
Class2		207.00	400.00	800.00
Class3		63.25	120.00	240.00
Managers certificate		316.25	316.25	
Other				
Temporary Authority		296.70	570.00	
Appeal to ARLA		517.50	517.50	

Notes to support fee increase

The proposed fees will enable 90% cost recovery in this area to ensure consistency with the Council's approach to cost recovery. The proposed fees for special licence applications are consistent with all other fee category increases (90%). The Act requires that applications for special licences be received at least 20 working days prior to the date of the first event.

Late applications require more administration time, and put additional pressure on existing resources to enquire into the applications and report in time. It is therefore proposed to raise the fees for 'late' special licence applications by a further 100% - this is the detail as noted in the "Fast track fee – 10 working days" outlined above.