
ORDINARY MEETING

OF

WELLINGTON CITY COUNCIL

SUPPLEMENTARY AGENDA

Time: 9:30 am
Date: Wednesday, 25 September 2019
Venue: Ngake (16.09)
Level 16, Tahiwī
113 The Terrace
Wellington

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2. General Business

REGULATION 19 REPORT - SALE AND SUPPLY OF ALCOHOL (FEES) REGULATIONS 2013

Purpose

1. This report asks the Council to accept the attached report, which is a regulatory requirement under the Sale and Supply of Alcohol (fees) Regulations 2013.

Summary

2. This is an annual report which must be prepared by every territorial authority in relation to its income from fees payable in relation to, and the costs incurred in its alcohol licencing function.

Recommendation/s

That the Council:

1. Receive the information.
2. Adopt the report.

Background

1. Regulation 19 of the Sale and Supply of Alcohol (fees) Regulations 2013 requires that:

Every territorial authority must, each year, prepare and make publicly available a report showing its income from fees payable in relation to, and its costs incurred in:

- (a) The performance of the functions of its Licensing Committee under the Act;
- (b) The performance of its functions of its inspectors under the Act;
- (c) Undertaking enforcement activities under the Act.

Discussion

2. Under the Sale and Supply of Alcohol Act 2012 the fees regulations introduced a national risk based licensing fees framework for alcohol licensing. These regulations, which came into force on 18 December 2013, set out fees payable to territorial authorities and the Alcohol Regulatory and Licensing Authority (ARLA).

'to ensure that, so far as is practicable, their costs relating to licensing and other matters under the Sale and Supply of Alcohol Act 2012 (the Act) are recovered.'

The Ministry of Justice (MoJ) is the government department which administers the Sale and Supply of Alcohol Act 2012. The regulation 19 report is a tool to help determine whether full cost recovery is being achieved.

3. The fees regulations set default fees for on-licences, off-licences and club licences. They distinguish between application fees and annual fees. The fees regulations also set fees for other licence types including managers' certificates, temporary authorities, special licences and permanent club charters.
4. Regulation 19 reports provide information on costs, income and levels of cost recovery, and improve transparency and accountability. They are also intended to provide reliable data for the Ministry of Justice's review of fees which is required to be undertaken every five years.
5. The fees review in 2017 identified that territorial authorities were using a range of methods to estimate their costs. Unfortunately, the methods used were not consistent across the country, thereby rendering the data unusable.
6. Towards the end of the business year 2017/18 the Ministry of Justice set up a working group tasked with developing guidance for territorial authorities on calculating the costs and revenue from the alcohol licensing system. This guidance was published in October 2018.
7. The MoJ guidance acknowledges the fact that the regulations are not as clearly worded as intended:

Regulation 19(1)(a) – relating to the performance of the functions of the Licensing Committee:

- This should include not only the cost of the District Licensing Committee but also **all costs** incurred up to and including the point when the final decision is made on the licence application and the licence has been issued

Regulation 19(1)(b) relating to the performance of the function of the inspectors :

- This relates to the alcohol licensing inspectors' costs of activities relating to licensees. This includes inspecting, assessing and supporting compliance and monitoring activities.

Regulation 19(1)(c) – undertaking enforcement activities :

- This relates to the cost of undertaking enforcement actions – primarily from issuing infringements and from enforcement applications taken to the Alcohol Regulatory Licensing Authority (ARLA). Overall enforcement activity is likely to represent a relatively small proportion of the total alcohol licensing system costs for territorial authorities. In Wellington all infringements are issued by the police.

8. The Regulation 19 report for 2017/18 indicated a cost recovery rate of 68%. The Council's Long-Term and Annual Plan Committee on 14 March 2019 agreed *to the officer recommended increases to the Alcohol Licencing fees*. In order to increase the fees recovered the Council was required to introduce an Alcohol Fees Bylaw and consult with affected persons on this proposal before doing so.
9. At a City Strategy Committee meeting on 11th April 2019, Councillors agreed on consultation around the creation of an alcohol fees bylaw with a view to moving towards 85% cost recovery over a two-year period
10. At a City Strategy Committee meeting on 15th August it was resolved that :

- (a) An alcohol fees bylaw be introduced. (Officers recommended that the fee increases take effect from 1st October to enable sufficient time for the Council's website, other information and an online fees calculator to be updated).
- (b) Council officers and the hospitality industry work together to explore how the licensing process can be improved and to determine an appropriate level of stage 2 alcohol fees. The Committee also agreed that officers will report back to a future Committee based on their findings before 31 March 2020 for stage 2 fees. This work is currently being progressed.

Options

11. The options are:

- (a) Council adopts the report.
- (b) Council does not adopt the report.

The Council is advised to adopt the report as it is a statutory requirement. This report has been produced in conjunction with the Ministry of Justice guidelines and so will be consistent in its content and format with those of other territorial authorities.

Next Actions

- 12. Once adopted by Council, a copy of this report will be made publicly available by posting to Wellington City Council's externally facing website. A copy of the report will also be sent to the Ministry of Justice.

Attachments

Attachment 1. Regulation 19 report for 2018-19 [↓](#)

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Author	Helen Jones, Manager Public Health Group
Authoriser	Mark Pattermore, Manager City Consenting and Compliance Moana Mackey, Acting Chief City Planner

SUPPORTING INFORMATION

Engagement and Consultation

As this is a historical report based on actual income and expenditure, it is not appropriate to undertake consultation.

Treaty of Waitangi considerations

There are no Treaty of Waitangi considerations.

Financial implications

This report will feed into the Ministry of Justice's review of fees. The guidance issued by MoJ was designed to assist territorial authorities to calculate cost recovery on a consistent and comparable basis. The Ministry will use information collected across all TAs to determine whether all or part of the default fees are set at an appropriate level to facilitate full cost recovery. The next fees review is not scheduled until 2022.

As discussed above, Council has resolved to introduce an alcohol fees bylaw to move towards an 85% cost recovery, phased over two years.

It should be noted that cost recovery for this financial year is slightly less (65% - v- 68% in the year 2017-18) This can be attributed to an increase in accommodation costs arising from Wellington City Council moving to rented accommodation at 113, The Terrace .

Policy and legislative implications

This report will feed into MoJ's future review of the default fees.

Risks / legal

There are no risks or legal implications associated with the production of this report.

Climate Change impact and considerations

There is no climate change impact or considerations.

Communications Plan

Once adopted, the report will be published on Wellington City Council's website, and a copy will be forwarded to the Ministry of Justice.

Health and Safety Impact considered

Health and safety impacts are not relevant to this report.

Wellington City Council

Annual report of alcohol licensing income and costs for the year:

- 1st July 2018 to 30th June 2019

Under the Sale and Supply of Alcohol Act 2012 the fees regulations introduced a national risk based licensing fees framework for alcohol licensing.

The Ministry of Justice is the Government Department which administers the Sale and Supply of Alcohol Act 2012. The legislation aims for TAs to recover the costs incurred in administering the alcohol licensing system. The Regulation 19 report is a tool to help determine whether this is being achieved.

The fees regulations set default fees for on-licences, off-licences and club licences. They distinguish between application fees and annual fees. The Fees Regulations set fees for other licence types including manager certificates, temporary authorities, special licences, temporary licences and permanent club charters.

Regulation 19 reports provide information on costs, income and levels of cost recovery, and improve transparency and accountability. They are also intended to provide reliable data for the Ministry of Justice review of fees, which is required to be undertaken every 5 years.

Regulation 19 of the Sale and Supply of Alcohol (fees) Regulations 2013 requires that:

- (1) Every territorial authority must, each year, prepare and make publicly available a report showing its income from fees payable in relation to, and its costs incurred in,
 - (a) The performance of the functions of its Licensing Committee under the Act;
and
 - (b) The performance of its functions of its inspectors under the Act;
 - (c) Undertaking enforcement activities under the Act

The income and costs for Wellington City Council for this period is as follows:

Total fees received	1,116,219
Fees paid to ARLA* (Alcohol Regulatory Licensing Authority)	82,800
Cost of performance of the DLC functions (up to licence issue)	1,214,802
Cost of performance of inspectors functions (compliance activities)	88,741
Overhead costs (see table below for breakdown)	320,684
Cost of enforcement activities	*zero
Total cost to Council	1,707,027
Cost recovery rate	65%

*NB: In Wellington, enforcement activities – ie issuing infringement notices is carried out by the police, not alcohol licensing inspectors

Breakdown of overhead costs	
Other employment costs	22,998
Staff recruitment costs	314
Direct IT costs	7,734
Telecommunication costs	3,818
Travel and accommodation costs	1,228
Administration costs	15,531
Organisational overhead costs	(889)
Campus overhead costs	50,914
IT overhead costs	219,047
Total	320,684