



KOMITI ITI WHAKAWĀ HEARINGS SUBCOMMITTEE

20 September 2024

Order Paper for the hearing to be held in the
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,
on:

Thursday 26 September 2024 commencing at 9:00 am

The hearing will be livestreamed on Council's YouTube page.

The purpose of the hearing is to consider submissions on the review of the
Alcohol Fees Bylaw.

Membership

	Cr S Edwards (Chair)
Cr B Dyer	Cr K Morgan
Cr N Shaw (alternate)	

For the dates and times of Council Meetings please visit www.huttcity.govt.nz

HUTT CITY COUNCIL

KOMITI ITI WHAKAWĀ | HEARINGS SUBCOMMITTEE

Meeting to be held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt
on
Thursday 26 September 2024 commencing at 9:00 am.

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru	Cease the winds from the west
Whakataka te hau ki te tonga	Cease the winds from the south
Kia mākinakina ki uta	Let the breeze blow over the land
Kia mātaratara ki tai	Let the breeze blow over the ocean
E hī ake ana te atakura	Let the red-tipped dawn come with a
He tio, he huka, he hau hū	sharpened air.
Tihei mauri ora	A touch of frost, a promise of a
	glorious day.

2. APOLOGIES

No apologies have been received.

3. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

4. HEARING OF SUBMISSIONS - REVIEW OF THE ALCOHOL FEES BYLAW

Report No. HSC2024/4/281 by the Senior Policy Advisor

5. HEARING OF SUBMISSIONS

The schedule for the submitters giving oral presentations is as follows:

Time	Submitter	Representing
9.10	Darshan Bhalani	Pepe's Pizza Parlour
9.15		
9.20	Garth Rosson	Cutlers Bar
9.25	Hellen Swales	Jackson Street Programme
9.30	Pete Matcham	
9.35		
9.40	Shane Phillips	Hospitality New Zealand
9.45	Andrew Galloway and Jennifer Lamm	Alcohol Healthwatch
9.50	Laura Shaw	Cosmo Business Services
9.55	Anna Boyack	Viva Mexico Petone (TBC)
10.00	James Scott	Southend Business Group
10.05	Patrick McKibbon	Hutt Valley Chamber of Commerce

6. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Unuhia!	Release us from the supreme
Unuhia!	sacredness of our tasks
Unuhia i te uru-tapu-nui	To be clear and free
Kia wātea, kia māmā	in heart, body and soul in our
Te ngākau, te tinana,	continuing journey
te wairua i te ara takatū	Oh Rongo, raise these words up high
Koia rā e Rongo	so that we be cleansed and be free,
whakairihia ake ki runga	Yes indeed, we are free!
Kia wātea, kia wātea!	Good and peaceful
Ae rā, kua wātea!	
Hau, pai mārīre.	

Vanessa Gilmour
DEMOCRACY ADVISOR

15 September 2024

Report no: HSC2024/4/281

Hearing of submissions - Review of the Alcohol Fees Bylaw

Purpose of Report

1. To report on the results of the public consultation on the proposal to changes to alcohol licensing fees in the Alcohol Fees Bylaw (the Bylaw).

Recommendations

That the Subcommittee:

- (1) agrees to accept the late written submission from Viva Mexico Petone;
- (2) receives and notes a Survey Response Report and copies of all written submissions can be viewed here:
https://hccpublicdocs.azurewebsites.net/api/download/2657e0a4b3614301b65dd99406a07ad2/_mtgmngmnt/6565289b65d2524a3394d2ddc21da83dc4
- (3) notes that written copies of verbal submissions can be viewed here:
https://hccpublicdocs.azurewebsites.net/api/download/2657e0a4b3614301b65dd99406a07ad2/_mtgmngmnt/3f6a862f66054541ff9cb87f1a25d88a4b
- (4) notes the Statement of Proposal attached as Appendix 1; and
- (5) notes that a copy of the Draft Alcohol Fees Bylaw is attached as Appendix 2 to the report.

For the reason that the Subcommittee has the authority to hear submissions in relation to the Alcohol Fees Bylaw.

Background

Legal Framework

2. Under the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013, councils can make bylaws setting the fees payable to territorial authorities with respect to the functions of their licensing committees and the inspection and enforcement functions of territorial authorities, under the Sale and Supply of Alcohol Act 2012 (the Act).
3. Currently Council's fee setting in the Bylaw aims to recover 90% of all costs associated with alcohol-related work carried out by Council. At the time, Council acknowledged that premises such as sports and community clubs provide a valuable service to the community and that cafes, restaurants and other licensed premises also help to make Lower Hutt a vibrant place to live.

For this reason, it was accepted at that time that 10% of the costs of licensing activities would be funded by rates.

4. Section 402(1)(b) notes that costs include the total costs to Council of:
 - a. the performance by its district licensing committees of their functions;
 - b. inspectors employed or contracted by Council (or, where inspectors employed or contracted perform both the functions of an inspector and other functions, the appropriate proportion of the total costs of those inspectors); and
 - c. Council's undertaking (directly or by agents or contractors) of enforcement activities under the Act.
5. A cost recovery of 93% was achieved in the 2022/23 financial year but will not be achieved in 2023/24 or 2024/25 due to increasing costs and the need to review the Bylaw before further fee increases can be made. The remaining costs are covered by Council rates revenue.
6. Through the Long-Term Plan (LTP) 2024-2034 process, Council increased the projected annual alcohol licensing revenue in line with Consumer Price Index increases. These revenue projections were predicated on 100% cost recovery in line with LTP decisions. This higher level of recovery was set in the broader context of concerns about rates affordability and the need to find offsetting mechanisms to fund cost pressures and reduce the impact on ratepayers.
7. On 25 July 2024, Council approved public consultation on the review of the Bylaw from 26 July 2024 to 25 August 2024.

Discussion

Proposed changes to the Bylaw

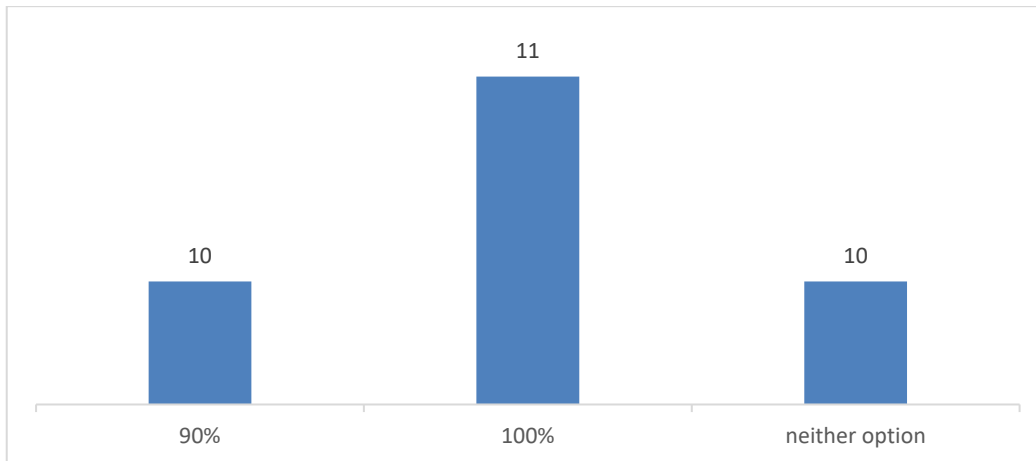
8. Public consultation on proposed changes to the Bylaw were to:
 - a. maintain fees to recover either 90% of costs; or
 - b. set fees to recover 100% of costs related to alcohol licensing.
9. No changes were proposed to how Council attributes risk to each licence type. The risk categories are defined in the legislation based on the risk attributed to each licence. The lower the weighting and risk rating, the lower the fee category.

Analysis of public consultation

10. A Survey Response Report and copies of all written submissions can be viewed here:
https://hccpublicdocs.azurewebsites.net/api/download/2657e0a4b3614301b65dd99406a07ad2/_mtgmngmnt/6565289b65d2524a3394d2ddc21da83dc4
11. The public consultation survey asked respondents to indicate which option of alcohol fee increases they supported – 90% cost recovery from licensing fees with 10% from general rates or 100% cost recovery from alcohol licensing fees.

12. 33 responses were received, 15 from organisations and 18 from individuals. Two individuals did not respond to this question so there are 31 responses represented in Chart 1 below.
13. Although only two options were included in the survey, nine respondents did not support either option, as shown in Chart 1 below.

Chart 1: breakdown of responses for support of cost recovery of alcohol licensing



14. For those who chose the 90% recovery option (three individuals and seven organisations), most did not support any fee increase. The comments received in submissions indicate the following concerns:
- the increases are excessive;
 - fees are higher than other councils in the region; and
 - Council should cover a portion of costs from general rates, particularly those related to staff wages and broader governance functions.
15. 11 respondents supported 100% cost recovery (nine individuals and two organisations). The two organisations that opted for the 100% recovery options were Alcohol Healthwatch and the National Council of Women of New Zealand. Comments from these submissions included:
- an excellent way of recovering costs;
 - a risk-based approach to the level of fees is sensible and appropriate;
 - a bylaw is a prudent option given that fees set under the Sale and Supply of Alcohol (Fees) Regulation 2013 have not kept pace with costs; and
 - rates should not be used to cover any shortfall in the cost of alcohol licensing.
16. While the public consultation put forth two options, some respondents (five individuals and five organisations) expressed support for a third option – no increase to alcohol fees. Status quo fees are not an option because the increase in alcohol licensing fees is necessary to recover costs.

Verbal submissions

17. 11 respondents have requested to present their verbal submissions to the subcommittee – three individuals and eight organisations. Copies of verbal submissions can be viewed here:

https://hccpublicdocs.azurewebsites.net/api/download/2657e0a4b3614301b65dd99406a07ad2/_mtgmngmnt/3f6a862f66054541ff9cb87f1a25d88a4b

Late submission

18. One written submission from Viva Mexico Petone was received late but has been considered in the calculations and comments covered in this report.

Written submissions

19. Since three public consultations on alcohol were running consecutively, some written submissions covered more than one consultation. In these cases, the text pertaining to the Alcohol Fees Bylaw consultation has been indicated in the submission.

Statement of Proposal

20. To support the Subcommittee in deliberations and questions arising from verbal submissions, a copy of the Statement of Proposal is attached as Appendix 1 to the report.

Options

21. As noted above, fee options put out for public consultation on the Bylaw were to:
- a. maintain fees to recover either 90% of costs; or
 - b. set fees to recover 100% of costs related to alcohol licensing.
22. Fee tables for these options are included in the Statement of Proposal attached as Appendix 1 to the report.

Option to stagger 100% cost recovery option over three years

23. During the consultation process, officers received a request from licensees in Petone to stagger the fee increase. This request is aimed at helping businesses mitigate the impact of other cost pressures experienced by licensed venues, such as increases in rates.

24. Table 1 below shows fees for all risk categories for on-, off-, and club licences over the next three financial years demonstrating 90%, 95% and 100% cost recovery from fees if staggered over three years.

Table 1: Fee increases for 100% cost recovery implemented over three years

Risk Category for on-, off- and club licence	Current application fee	Proposed Increase	New Fee 25/26 (90% cost recovery)	New Fee 26/27 (95% cost recovery)	New Fee 27/28 (100% cost recovery)
Very Low	\$699.20	20%	\$840	\$910	\$979
Low	\$1,158.05	30%	\$1,505	\$1,621	\$1,737
Medium	\$1,531.35	40%	\$2,143	\$2,297	\$2,450
High	\$1,944.65	50%	\$2,916	\$3,111	\$3,306
Very High	\$2,294.25	60%	\$3,670	\$3,900	\$4,130
Risk Category for on-, off- and club licence	Current annual fee	Proposed increase	New Fee 25/26 (90% cost recovery)	New Fee 26/27 (95% cost recovery)	New Fee 27/28 (100% cost recovery)
Very Low	\$305.90	20%	\$367	\$398	\$428
Low	\$742.90	30%	\$965	\$1,040	\$1,114
Medium	\$1201.75	40%	\$1,682	\$1,803	\$1,923
High	\$1966.5	50%	\$2,949	\$3,146	\$3,343
Very High	\$2731.25	60%	\$4,370	\$4,643	\$4,916
Special licences	Current application fee	Proposed increase	New Fee 25/26 (90% cost recovery)	New Fee 26/27 (95% cost recovery)	New Fee 27/28 (100% cost recovery)
Special Class 1	\$1092.5	60%	\$1,748	\$1,858	\$1,967
Special Class 2	\$393.3	50%	\$589	\$629	\$669
Special Class 3	\$120.15	10%	\$132	\$138	\$144
Other	Current other fees	Proposed increase	New Fee 25/26 (90% cost recovery)	New Fee 26/27 (95% cost recovery)	New Fee 27/28 (100% cost recovery)
Temp Authority	Application fee \$563.75	40%	\$639	\$714	\$789
Permanent Chartered Club	Annual fee \$632.5	20%	\$674	\$716	\$759

Long-Term Plan revenue projections

25. If the Subcommittee supports the option of implementing a three-year staggered approach to achieve 100% cost recovery, it will result in a shortfall in revenue in the 2025/26 financial year. Still, it would achieve revenue projections by 2027/28 (as shown in Table 2). Actual results will depend on internal costs and the volume of applications and licences in force, which vary from year to year. The revenue shortfall in 2025/26 is relatively minor, at about \$11k.

Table 2: Estimated revenue from a staggered implementation of fee increases

	2025/26	2026/27	2027/28
Projected revenue from new alcohol licensing fees (assumed phasing of fees)	431,844	459,251	486,456
LTP projected Revenue (assumed 100% recovery)	442,568	452,744	463,181
Expenditure	(466,366)	(471,574)	(474,228)
Costs Recovery	Achieves 93% cost recovery	Achieves 97% cost recovery	Achieves 103% cost recovery

Next Steps

26. The Draft Alcohol Fees Bylaw is attached as Appendix 2 to the report. Following the hearings and deliberations, officers will update the Bylaw to include the Subcommittee's fee recommendations.

Climate Change Impact and Considerations

27. There are no climate change considerations.

Consultation

28. Targeted engagement was undertaken with current alcohol licensees, with messages also sent to the Hutt Valley Chamber of Commerce and Jackson Street Programme before the start of formal consultation.

Legal Considerations

29. Council must comply with the following legislation:

- a. Sale and Supply of Alcohol Act 2012;
- b. Sale and Supply of Alcohol (Fees) Regulations 2013;
- c. Sale and Supply of Alcohol (Fees-setting Bylaws) Order 2013; and
- d. Local Government Act 2002.

Financial Considerations

30. Financial considerations are outlined in the report.

Appendices

No.	Title	Page
1↓	Statement of Proposal - Alcohol Fees Bylaw	11
2↓	Draft Alcohol Fees Bylaw	21

Author: Angela Gordon
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Group Chief Financial Officer

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Director Strategy and Engagement



Statement of Proposal

Draft Alcohol Fees Bylaw 2024

Summary of Proposal

Council adopted the Alcohol Fees Bylaw in 2019 pursuant to the Sale and Supply of Alcohol Act 2012 (the Act). The fees setting in this bylaw aimed to recover 90% of all costs associated with alcohol-related work undertaken by Hutt City Council such as maintaining licensing application processes, alcohol licence monitoring and enforcement duties, and activities of the District Licensing Committee. The increases were phased in over three years, ending in 2022.

A cost recovery of 93% was achieved in 2022/23 financial year but will not be achieved in 2023/24 or 2024/25, due to the need to review the bylaw before further increases can be made. The remaining costs are covered by Hutt City Council rates.

Through the 2024-2034 Long-Term Plan process, Hutt City Council has increased the projected annual alcohol licensing revenue in line with Consumer Price Index increases.

We have reviewed the fee settings in the bylaw and would like feedback on two options:

- Option 1: 90% cost recovery; or
- Option 2: 100% cost recovery.

How to have your say

We want your feedback on the proposed Alcohol Fees Bylaw.

You can provide feedback in multiple ways:

- Make an online submission at hutt.city/alcohol.
- Email your submission to alcohol.feedback@huttcity.govt.nz with 'Alcohol Fees Bylaw' in the email subject line.
- Drop off a submission at the front counter at our office at 30 Laings Rd.

Timetable for consultation

The consultation is open from **26 July to 25 August 2024**.

Questions to consider

- Should Hutt City Council maintain a goal of recovering 90% of alcohol licensing costs through fees, or change to a goal of recovering 100%?

Privacy Statement

We require your name, contact details and the suburb you live in as part of your feedback. All feedback will be published on our website with your name. All other personal or commercially sensitive information (including your email address and suburb) will be removed. Publishing feedback in full supports a transparent process and will assist in the public hearing process.

If you have specific reasons for not wanting your feedback publicly released, please contact alcohol.feedback@huttcity.govt.nz.

The feedback form asks for the suburb you live in to better understand how you are impacted by the changes happening in your suburb.

Public Hearings

The feedback form also asks if you want to present directly to Councillors at a hearing. If you state that you do want to present to Councillors, you will be contacted by council staff to arrange a time for you to speak.

Feedback will be considered by Council regardless of whether you wish to present your views at a hearing or not. Final decisions will be made in September 2024 and the Alcohol Fees Bylaw will be adopted in December 2024.

Storing personal information

Council stores information with reasonable safeguards against loss and disclosure. Reasonable safeguards include physical and technological protections. Personal information is accessible to staff who have a legitimate reason to access it. Council has a code of conduct where unauthorised disclosure of confidential information or records in accordance with the provisions of the Public Records Act, which includes the authorised destruction of records once they are no longer required to be kept for legislative compliance or business purposes.

Access to your information

The information you provide will be accessible only by Council staff and is not shared with any third party. You have the right to ask for a copy of any personal information we hold about you, and to ask for it to be corrected if you think it is wrong. If you'd like to ask for a copy of your information, or to have it corrected, please contact us at policy@huttcity.govt.nz, or 04 570 6666, or 30 Laings Road, Lower Hutt 5010.

What does an Alcohol Fees Bylaw do?

Under the Sale and Supply of Alcohol Act 2012, councils are able to set prescribed alcohol licensing fees through the implementation of an alcohol fees bylaw.

Entities who wish to obtain a licence for the sale and supply of alcohol in Lower Hutt can make an application to the District Licensing Committee (DLC) within Hutt City Council. The DLC will consider and decide on all applications.

Applicants can seek an on-licence, off-licence, club licence or a special on- or off-licence to sell and supply alcohol. All application fees are paid to Hutt City Council for each licence type. The fee amount depends on the risk category of the relevant premises. The cost/risk category of premises is determined by three factors:

- type of premises;
- latest alcohol sales time; and
- number of recent enforcement actions.

We are not proposing any changes to the way Council attributes risk to each licence type. The risk categories are outlined in the Act and are based on the risk attributed to each licence. The lower the weighting and risk rating, the lower the fees category.

Premise type

The Act recognises that there are certain premises that have a higher risk which require more resources to licence, monitor and enforce. Each licence type has a number of types of premises, each with an assigned weighting.

Licence type	Factor 1: type of premise	Weighting
On-licence	Class 1 restaurant, night club, tavern adult premise	15
	Class 2 restaurant, hotel, function centre	10
	Class 3 restaurant, other	5
	BYO restaurant, theatres, cinemas, winery cellar doors	2
Off-licence	Supermarket, grocery store, bottle store	15
	Hotel, tavern	10
	Class 1, 2 or 3 club, remote sale premise, other	5
	Winery cellar doors	2
Club licence	Class 1 club	10
	Class 2 club	5
	Class 3 club	2

Hours of business

The Act also recognises that licenced premises that are open later attract a higher risk. Hutt City Council's Local Alcohol Policy already restricts businesses' opening hours further than the default maximum trading hours that are provided in the Act.

Licence type	Latest trading hour	Weighting
On-licence or Club licence	2am or earlier	0
	Between 2:01 and 3am	3
	After 3am	5
Off-licence (excluding remote sales premises)	10pm or earlier	0
	Any time after 10pm	3
Remote sales premises	Not applicable	N/A

Enforcement actions

If a licenced premise has been issued with an enforcement action (as defined under the Act), this recognises that the licensee has broken the law under the Act and attributes this to a higher risk rating depending on the number of enforcement actions taken.

Licence type	Number of ARLA enforcements actions recorded in the last 18 months	Weighting
All types	None	0
	1	10
	2 or more	20

Risk rating

Adding up the weighting from each of these factors allows Council to attribute a risk rating to each licence and determine the appropriate fee category as outlined in the table below. This table also outlines the numbers of licence types issued in Lower Hutt over the past five financial years.

Risk category and current fees	Numbers of licences				
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Application fees					
Very low - \$699.20	22	10	8	13	6
Low - \$1158.05	38	30	28	42	31
Medium - \$1531.35	42	39	40	38	44
High - \$1944.65	6	3	6	2	1
Very high - \$2294.25	0	0	1	0	0
Annual fees					
Very low - \$305.90	24	29	38	28	26
Low - \$742.90	47	69	80	69	86
Medium - \$1201.75	53	64	94	78	82
High - \$1966.50	6	5	7	2	1
Very high - \$2731.25	0	2	2	0	0
Other fees					
Temporary Authority \$563.75	12	11	8	16	11
Manager Certificate \$316.25	322	254	258	280	282
Special licence fees					
Class 1 \$1092.50	13	13	4	2	3
Class 2 \$393.30	41	26	28	20	48
Class 3 \$120.15	83	73	79	62	71

Recoverable costs

Costs that Council can recover through alcohol fees are covered in Regulation 19 of the Sale and Supply of Alcohol (fees) Regulation 2013 and are reported annually. The table below outlines what is included in each of the categories of recoverable costs.

Recoverable costs through alcohol fees revenue

Personnel costs	The costs of people, including DLC members, inspectors or other staff. This includes salaries, allowances, leave (annual and wellness), ACC costs, kiwi saver contributions, training and development, stationery, printing, equipment (computers / IT etc) and any other staff-related costs.
Disbursements to Alcohol Regulatory and Licensing Authority	This disbursement should be offset by TA licence revenue, which includes the amount which is remitted to ARLA.
Overhead costs	Finance, corporate services, human resources, IT, legal, accommodation (rent, maintenance, utilities).
Overhead allocation	The allocation of overheads is generally applied in relation to full-time equivalent staff (FTE) or unit expenditure.

Options for consideration

In 2019, Council increased fees evenly across all risk categories in order to achieve 90% cost recovery. The options below provide for higher percentage fee increases as the risk category increases.

There are two options being considered for alcohol licensing fee increases:

- Option 1: 90% recovery of costs, with 10% of costs covered by Hutt City rates; or
- Option 2: 100% recovery of costs.

Option 1 – 90% recovery of costs

Risk Category for on-, off- and club licence	Current application fee	Proposed Increase	New Fee 25/26
Very Low	\$699.20	20%	\$840
Low	\$1,158.05	30%	\$1,505
Medium	\$1,531.35	40%	\$2,143
High	\$1,944.65	50%	\$2,916
Very High	\$2,294.25	60%	\$3,670
Risk Category for on-, off- and club licence	Current annual fee	Proposed increase	New Fee 25/26
Very Low	\$305.90	20%	\$367
Low	\$742.90	30%	\$965
Medium	\$1201.75	40%	\$1,682
High	\$1966.5	50%	\$2,949
Very High	\$2731.25	60%	\$4,370
Special licences	Current application fee	Proposed increase	New Fee 25/26
Special Class 1	\$1092.5	60%	\$1,748
Special Class 2	\$393.3	50%	\$589
Special Class 3	\$120.15	10%	\$132
Other	Current other fees	Proposed increase	New Fee 25/26
Temp Authority	Application fee \$563.75	40%	\$789
Permanent Chartered Club	Annual fee \$632.5	20%	\$759

Option 2 – 100% recovery of costs

Risk Category On- and off- and club licences	Current application fee	Proposed Increase	New Fee 25/26
Very Low	\$699.20	40%	\$979
Low	\$1,158.05	50%	\$1,737
Medium	\$1,531.35	60%	\$2,450
High	\$1,944.65	70%	\$3,306
Very High	\$2,294.25	80%	\$4,130
Risk Category On- and off- and club licences	Current Annual Fee	Proposed Increase	New Fee 25/26
Very Low	\$305.90	40%	\$428
Low	\$742.90	50%	\$1,114
Medium	\$1201.75	60%	\$1,923
High	\$1966.5	70%	\$3,343
Very High	\$2731.25	80%	\$4,916
Special licences	Current Application fee	Proposed Increase	New Fee 25/26
Special Class 1	\$1092.5	80%	\$1,967
Special Class 2	\$393.3	70%	\$669
Special Class 3	\$120.15	20%	\$144
Other	Current other fees	Proposed Increase	New Fee 25/26
Temporary Authority	Application fee \$563.75	40%	\$789
Permanent Chartered Club	Annual fee \$632.5	20%	\$759

The fees adjustment would commence on 1 July 2025, with a further proposed fee increase of 3% each following year across the risk categories until 2035.

An increase of 3% each year achieves the previously desired 90% cost recovery, however only the 100% cost recovery option will achieve Long Term Plan projected revenue.

