

HUTT CITY COUNCIL**ALCOHOL HEARINGS SUBCOMMITTEE**

Minutes of a hearing held in the Council Chambers, 2nd Floor, 30 Laings Road
Lower Hutt on

Friday 8 February 2019 commencing at 9.30am

PRESENT: Deputy Mayor D Bassett (Chair)
Cr G Barratt
Cr L Sutton

APOLOGIES: There were no apologies.

IN ATTENDANCE: Mr D Bentley, Team Leader Environmental Health
Ms L Bailey Budgeting, Reporting and Systems Accountant
Ms H Oram, Divisional Manager Environmental Consents
Mr G Sewell, Principal Policy Advisor
Ms H Clegg, Minute Taker

PUBLIC BUSINESS**1. APOLOGIES**

There were no apologies.

2. CONFLICT OF INTEREST DECLARATIONS

There were no conflict of interest declarations.

3. PROPOSED ALCOHOL FEES BYLAW (19/87)

Report No. HSC2019/1/11 by the Principal Policy Advisor

The Principal Policy Advisor elaborated on the report.

He explained it was a new process introduced by the Sale and Supply of Alcohol Act 2012 and Regulations (the Act) which enabled local authorities to enact bylaws to create new fees and charges in order to extend what was already provided for in the regulations. He outlined the pre-consultation phase, where Council was required to contact those in the alcohol industry advising them of a proposal and seeking feedback. The proposal and any feedback was required to be heard by Council or a delegated subcommittee. The recommendations were reported to Council for Council to consider and decide whether the special consultation procedure should proceed. The Principal Policy Advisor further explained this second, full consultative process was open to the public and Council would make the final decision on the matter.

The Principal Policy Advisor advised nine submissions in opposition had been received including one late submission.

In response to a question from a member, the Team Leader Environmental Health confirmed that cost recovery for Council's Environmental Health Division currently sat at 52%, with the proposal aiming to raise this to the current Council cost recovery model of 60%. He further confirmed that in order for this to be achieved, a 90% increase in alcohol licensing fees was required.

RESOLVED: (Deputy Mayor Bassett/Cr Sutton)

Minute No. AHS 19101

"That the Subcommittee:

- (a) receives and notes the report; and*
- (b) accepts the late submission from Mr Mark Atkin."*

HEARING OF SUBMISSIONS

Mr Matt McLaughlin, President of Hospitality New Zealand (NZ), Wellington Branch, spoke in support of the written submission from Hospitality New Zealand (NZ) Wellington Branch. He explained he was an operator within the industry but did not currently have an operation in the Hutt Valley. He further explained the concerns of Lower Hutt alcohol business operators with regard to the proposed fee increases. He highlighted the negative impact on all businesses, especially small businesses, which could then affect employment and then lead to increased prices and lower patronage. He also highlighted it could also lead to drinking in uncontrolled areas if operators were forced to close. He believed the reasons for the proposed increases were incorrect.

Mr McLaughlin agreed with the cost recovery concept, but argued that in the majority of cases obtaining a liquor licence was not an involved or lengthy process. He believed most applications involved around five hours of applicant's time and up to two hours of officer's time before a licence was issued. He explained he had investigated the expenditure ledger of Council's Environmental Health Division

and did not agree that passing \$44,000 of technology costs onto licensees was appropriate. Mr McLaughlin asked that a full and robust investigation and audit into all alternatives for cost recovery be explored. He added this should include a tiered approach to the fees structure and clarification of the true costs of issuing a liquor licence.

Mr Nick Hill, Regional Manager of Hospitality New Zealand (NZ) Wellington Branch advised that he supported the submission from Hospitality New Zealand (NZ), Wellington Branch.

In response to a question from a member, Mr McLaughlin explained the hospitality industry was facing many challenges. This included minimum wage increases and Wellington drawing patronage from the Hutt Valley. He highlighted that no submissions in support of the proposal had been received.

In response to questions from members, the Team Leader Environmental Health explained the proposal anticipated compliance with Council's 60/40 cost recovery model. He advised that currently the rates paid by commercial premises were allocated in a similar way to residential properties. He confirmed officers were endeavouring to improve efficiency. He noted the proposal had so far only been made available to operators and submitted this accounted for the lack of submissions from the public. He explained the large amount of work undertaken by officers behind the scenes with regard to a straightforward liquor licence application. He added that every application required investigation by the Police and the Medical Officer of Health. He also advised there was a large variation in the quality of application information and estimated that each application could take at least 10 hours of the officer's time. He noted that officers also provided a free service to assess applications.

In response to questions from a member, the Team Leader Environmental Health explained the applicants and members of the alcohol industry might not be aware of the extent of work carried out by officers for each liquor licence application. He said fees were set according to a risk scale. He also said that small grocery stores and large scale supermarkets were in the same high risk scale, which led to higher fees. He added the risk scale did not take into account individual circumstances and that sometimes officers might spend more time on low risk than high risk operations. He agreed a differentiation in fees could be explored, however such a system would need to be robust.

The Divisional Manager, Environmental Consents advised that Council was required to publish its balance sheets each year and that these consistently showed poor performance based on costs. She agreed any increase in fees could be introduced overtime.

In response to a question from a member, the Divisional Manager, Environmental Consents explained the timeline for the process had been set by officers rather than legislation. She highlighted there was no date by which local authorities were required to be cost-recovery efficient. She added it was possible to factor in future-proofing and that no fee increases could be imposed without undertaking a two phase consultation process. The Principal Policy Advisor advised the timeframe was linked to the Annual Plan and budget process.

In response to a question from a member, the Team Leader Environmental Health reconfirmed that all food outlets selling alcohol sat within the same risk scale. He noted large supermarkets had not submitted on the matter. He believed they could possibly absorb any cost increases within their operations. He acknowledged smaller operators might struggle to do so.

In response to a question from a member, the Team Leader Environmental Health explained there were similar numbers of infringements occurring in both small scale and large scale food outlets. He agreed to obtain statistical information, along with a comparison of Lower Hutt to nationwide statistics and report back to members.

Members deliberated in private.

RESOLVED: (Deputy Mayor Bassett/Cr Barratt)

Minute No. AHS 19102

"That the Subcommittee:

- (i) *notes all the submissions received in the pre-consultation phase of a proposed Alcohol Fees Bylaw;*
- (ii) *directs officers to report on the actual time taken to process applications, with a view to such information being shared with the industry for better understanding;*
- (iii) *directs officers to investigate efficiencies of operation, including ways to differentiate between different applications and the differing amounts of officer time spent on each application;*
- (iv) *directs officers to obtain statistical information regarding numbers of infringements from liquor licence operations (both within Lower Hutt and nationally) to enable comparisons to be made;*
- (v) *directs officers to investigate whether any proposed fees increase could be introduced over a suitable time period; and*
- (vi) *directs officers to prepare a proposed Alcohol Fees Bylaw with the above accompanying information to allow Council to make a fully informed decision at its meeting to be held on 26 March 2019 if possible."*

The Chair advised that if the Council meeting to be held on 26 March 2019 was too early to allow officers to undertake a full investigation then the matter could be reported to a subsequent Council meeting.

There being no further business the Chair declared the meeting closed at 10.20 am.

Deputy Mayor D Bassett
CHAIR

CONFIRMED as a true and correct record
Dated this 6th day of August 2019