

Extra-ordinary Whangarei District Council

Notice of Meeting

A extra-ordinary meeting of the Whangarei District Council will be held in the Council Chamber, Forum North, Whangarei on:

**Thursday
3 March 2016
12.30pm**

Committee

Her Worship the Mayor (Chairperson)
Cr S J Bell
Cr S J Bretherton
Cr C B Christie
Cr P A Cutforth
Cr S J Deeming
Cr S M Glen
Cr P R Halse
Cr C M Hermon
Cr G C Innes
Cr G M Martin
Cr B L McLachlan
Cr S L Morgan
Cr J D T Williamson

1 Proposed Alcohol Fees Bylaw 2016 – deliberations report

Reporting officer: Shireen Munday (Policy & Bylaws Analyst)
Grant Couchman (Regulatory Services Manager)

Date of meeting: 3 March 2016

1 Purpose

To deliberate on the submission received from Hospitality New Zealand to the proposed Alcohol Fees Bylaw 2016 and make a recommendation on any associated amendments to the proposed bylaw.

2 Recommendation

1. That Council deliberate on the submission received from Hospitality New Zealand.

Following deliberations:

Recommendation

1. That the final Alcohol Fees Bylaw (including any amendments made at this meeting) be presented to Council for adoption at the 23 March 2016 Council Meeting.

3 Background

At the Council meeting on 25 November 2015 Council adopted a draft Alcohol Fees Bylaw (the draft Bylaw) and associated Consultation Document for consultation.

The consultation period, during which time Council invited submissions on the proposal, was open between 8 December 2015 and 12 February 2016. One submission was received at the 24 February Council meeting.

4 Discussion

The submitter has raised four key issues. For each issue raised staff have provided a response.

4.1 Corporate overheads allocated

The submitter questions the allocation of corporate overhead costs in relation to the proposed fees. The report to Council on 25 November 2015 outlines that the overhead costs allocated are those directly allocated to the alcohol licensing function.

In accordance with best business practice, income and expenditure relating to the alcohol licensing functions are identified in a budgeted cost centre and both operational expenditure (direct costs) and organisational overheads (indirect costs) are allocated to this cost centre. To identify cost recovery targets both direct and indirect costs are applied.

4.2 Significant increase in fees

The submitter comments that the fee increase constitutes an up to 87% increase in fees for some licensees. As outlined in the 25 November 2015 report to Council this has to be balanced against Council's historic cost recovery on licensing fees which for the 2014/2015 year was 43%.

The increase in fees is necessary to meet Council's Revenue and Finance Policy for cost recovery. The policy provides that for regulatory services activities, the major funding source is to be from fees or subsidies and the minor funding source is to be from general rates. Appendix A of the Policy provides a more detailed practice note for each activity. This further outlines a requirement for a 65% cost recovery for alcohol licensing for fees set by way of a alcohol fees bylaw. As such 35% of alcohol licensing costs are funded through general rates.

While the 87% increase represents a significant increase in percentage terms, in actual dollar amounts the increase for, by way of two examples is as follows:

- The increase for a very high annual fee is from \$1250 to \$2344, which equates to \$12 per week.
- The increase for a very low annual fee is \$122, which equates to \$2.35 per week.

4.3 Reduction of costs

The submitter requests that Council provides information about steps taken to reduce both operational and overhead costs. Council seeks to increase efficiencies and reduce costs continuously, both across the organisation as well as within specific functional areas such as alcohol licensing. The Sale and Supply of Alcohol Act 2012 however has required Council to undertake expanded alcohol licensing functions, for example maintaining new district licensing committees with expanded responsibilities and increased reporting requirements for licensing inspectors and this has significantly increased workload and cost for Council. These functions and associated operating systems are reviewed by licensing staff day to day so as to identify efficiencies and reduce costs but there are constraints due to the legislative requirements which Council must follow.

4.4 Risk to business

Staff acknowledge that compliance costs to businesses can be a factor in the viability of businesses. However licensing fee costs constitute one of many statutory and operational costs for operators, some of which are significantly higher than licensing fees.

5 Significance and Engagement

The decisions or matters of this Agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via the agenda publication on Council's website.

6 Next steps

Council is scheduled to make the final bylaw, with any amendments as a result of deliberations, at the Council meeting on 23 March 2016.

Attachment

[Submission from Hospitality New Zealand](#)

Mail Room

From: Jill.Davey@hospitalitynz.org.nz
Sent: Friday, 12 February 2016 9:42 a.m.
To: Mail Room
Subject: Alcohol Fees Bylaw submission
Attachments: WDC Alcohol Fees Bylaw submission.docx

Follow Up Flag: Follow up
Flag Status: Flagged

Hi,

Please find attached our submission.

Kind Regards

Jill Davey

Regional Manager

M:027 503 5408

24hr:0800 500 503

F:04 384 8044

E:jill.davey@hospitalitynz.org.nz



PO Box 301985
Albany
Auckland 0752

 www.hospitalitynz.org.nz

 [Hospitality New Zealand on Twitter](#)

 [Hospitality New Zealand on Facebook](#)

Hospitality New Zealand Northland Branch

SUBMISSION ON Draft Alcohol Fees Bylaw – Whangarei District Council February 2016

Hospitality NZ is a voluntary trade association representing 2,400 hospitality businesses throughout New Zealand since 1902. As Regional Manager for Hospitality New Zealand, I support and represent thirty licensed premises throughout Whangarei District. This submission is made on behalf of the Northland branch of Hospitality New Zealand.

Hospitality is a significant industry and major employer throughout the Whangarei District. The hospitality industry plays an important role in social life. The sale of alcohol is a significant driver of economic activity, more than 70,000 people work in the food and beverage sector nationwide, and hospitality is the third biggest area of spending for tourists.

We appreciate the opportunity make a submission on the draft Alcohol Fees Bylaw.

We would like to speak to our submission.

CONTACT DETAILS:

Jill Davey

Regional Manager

Hospitality New Zealand Northland Branch

jill.davey@hospitalitynz.org.nz

027 503 5408

0800 500 503

3.2 Expenditure and Income

Table 1 under this section of the Alcohol Fees Consultation Document lists the Income received from Licence Fees, then the Expenditure for operational costs and corporate overheads.

We would ask whether these costs are actual and reasonable. The operational costs for licences are almost fully covered by income received from licence fees. The other of overall expenditure (50%) is on corporate overheads. We do not believe this an actual cost that a licence applicant should be covering. It is unclear if the corporate overheads are proportioned to alcohol licensing or are these the costs associated with running all Council departments? If the corporate overheads listed in the Consultation Document are not proportioned then this does not accurately reflect the actual costs of processing a licence, and therefore these figures should not be included in the expenditure as it misconstrues the actual cost of processing a licence.

In addition, although the WDC estimates an increase in revenue of between \$80,500 - \$147,000 per annum, this does not take into account fewer licence fees as a result of some businesses (new and existing) being deterred from entering the hospitality industry because of the high fees.

3.5 Proposed Fees

Table 2 under this section lists the proposed fees under the Bylaw. By July 2017, if this new fee structure were to be implemented, licensees will face an 87% increase in the cost of their licence fee. With the introduction of the SASAA 2012, these business have already incurred a large increase in the cost of their licensing fees.

An increase in licensing fees will result in operators passing on the costs to customers, or absorbing the costs and impacting profit. This could affect employment and result in fewer staff being hired or a reduction in hours.

An increase in licensing fees may deter future businesses from entering the industry and in addition, fewer businesses and costs being passed onto the customer could have a negative impact on tourism in the Whangarei area. Businesses are already restricted in their trading with a blanket close time. Raising fees will further increase their compliance costs. The cost of compliance for hospitality businesses is already at a very high level and an 87% in their Alcohol fees is further adding to this and is an extremely high increase to endure.

General Comments

We are greatly concerned that the Council has not provided any information about steps taken to reduce any operational costs or corporate overhead costs. Those who will be affected by the proposed fee increase need to be confident that local government is operating effectively and efficiently and the Council has not explained where the proceeds made from the fees increase will go.

What consideration has the Council given to how other councils have managed their cost recoveries? Why is it that WDC cannot cover the costs of their licensing under the fee structure set by the Ministry of Justice, yet other cities in NZ are not proposing a fee increase; for example, Auckland, Christchurch and Wellington. These are the major cities in terms of population growth. Even if the argument is that the WDC receives less in the way of rates, by comparison WDC would process far fewer licence applications than these major centres.

The Council has not provided the justification for increasing costs which are almost double the default fees and in addition the council has not shown what value will be provided if cost recovery goes up to 65%.

We thank Whangarei District Council for the opportunity to submit on the proposal.

RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

1.	The making available of information would be likely to unreasonably prejudice the commercial position of persons who are the subject of the information. {Section 7(2)(c)}
2.	To enable the council (the committee) to carry on without prejudice or disadvantage commercial negotiations. {(Section 7(2)(i)}.
3.	To protect the privacy of natural persons. {Section 7(2)(a)}.
4.	Publicity prior to successful prosecution of the individuals named would be contrary to the laws of natural justice and may constitute contempt of court. {Section 48(1)(b)}.
5.	To protect information which is the subject to an obligation of confidence, the publication of such information would be likely to prejudice the supply of information from the same source and it is in the public interest that such information should continue to be supplied. {Section7(2)(c)(i)}.
6.	In order to maintain legal professional privilege. {Section 2(g)}.
7.	To enable the council to carry on without prejudice or disadvantage, negotiations {Section 7(2)(i)}.

Resolution to allow members of the public to remain

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

Move/Second

"That _____ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item _____.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because _____.

Note:

Every resolution to exclude the public shall be put at a time when the meeting is open to the public.