

Minister for Regulation

Information Release

Ministry for Regulation's Hospitality Review: Release of the Final Report and Approach to Policy Decisions

October 2026

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Documents in this information release

#	Reference	Type	Title	Date
1	MFR2025-310	Key advice paper	Hospitality Review: Issues to be included for further analysis	05/12/2025
2	MFR2026-016	Key advice paper	Hospitality Review - Economic analyses of whether government should intervene in alcohol and shop trading	18/02/2026
3	MFR2026-036	Key advice paper	Hospitality Review – Draft Cabinet paper and discussion document	25/02/2026
4	MFR2026-095	Key advice paper	Alcohol excise tax for kegged beer	05/06/2026
5	MFR2026-132	Key advice paper	Hospitality Review: Final Report	08/07/2026
6	ECO-26-MIN-0173	Cabinet paper	Ministry for Regulation's Hospitality Review: Release of the Final Report and Approach to Policy Decisions	07/09/2026
7	ECO-26-MIN-0173	Cabinet Committee minute	Cabinet Committee minute – Ministry for Regulation's Hospitality Review: Release of the Final Report and Approach to Policy Decisions	02/09/2026
8	CAB-26-MIN-0291	Cabinet minute	Cabinet minute – Ministry for Regulation's Hospitality Review: Release of the Final Report and Approach to Policy Decisions	07/09/2026

Information withheld

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Sections of the Act under which information has been withheld:

9(2)(a) – to protect the privacy of natural persons, including that of deceased natural persons

9(2)(h) – to maintain legal professional privilege

9(2)(f)(iv) – to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials.

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Hospitality Review: Issues to be included for further analysis

Date:	4 December 2025	Priority:	High
Security classification:	classification	Tracking number:	MFR2025-310
Attachments:	Appendix A: Summary of submissions Appendix B: Problems and opportunities for the Hospitality Review		
Agencies consulted:	Ministry of Business, Innovation and Employment (MBIE) Ministry of Justice (MoJ) Ministry for Primary Industries (MPI) Department of Internal Affairs (DIA)		

Action sought

Required from	Action	Deadline
Hon David Seymour Minister for Regulation	Agree to the issues we have recommended to progress or not progress for further analysis Agree to extend the review by two months Refer a copy of this paper to ministers with portfolio responsibility for issues you agree to progress for further analysis	18 December 2025
Hon Louise Upston Minister for Tourism and Hospitality	Agree to the issues we have recommended to progress or not progress for further analysis Agree to extend the review by two months	18 December 2025

Contact for telephone discussion (if required)

Name	Position	Phone number	1 st contact
Hannah McGlue	Manager, Regulatory Reviews	s 9(2)(a)	☒
Nicola Blackburn	Principal Advisor, Regulatory Reviews	s 9(2)(a)	☐

Minister's office to complete:

- | | |
|---|--|
| ☐ Approved | ☐ Declined |
| ☐ Noted | ☐ Needs change |
| ☐ Seen | ☐ Overtaken by events |
| ☐ See Minister's notes | ☐ Withdrawn |

Comments



Executive summary

1. We are seeking your approval to progress a list of issues in the Hospitality Review (the Review). We identified these issues through sector engagement, agency engagement, and our own analysis. Your approval means we undertake deeper analysis to develop options to resolve them. These will be included in the final report's recommendations.
2. Following engagement, we undertook an initial assessment of 35 issues that cover several regulatory systems including: alcohol, food safety, immigration, building and resource management, health and safety, and transport. We recommend 17 of these are progressed for further analysis in the next stage of the Review. These are a mix of fundamental, first-principles issues and smaller, more discrete issues that are feasible to consider in the timeframe of the Review.
3. There is a clear need for government intervention through regulation in the hospitality sector because of market failures of sufficient severity. In general terms, this includes negative externalities, information asymmetry and behavioural biases. However, there are pain points for those in the sector meaning consideration of the level and type of intervention is needed.
4. Challenges business owners are facing include struggling to understand how to comply with regulatory requirements, the cost involved to become licensed or registered to sell alcohol or food, the cost and time to get building or resource management consent, how long licence or registration decisions take, and the low risk tolerance some regulators have. Taken together, these challenges indicate fundamental changes are needed.
5. As per the terms of reference, we are recommending you progress with issues that will improve the regulatory landscape for both hospitality businesses and regulators, balancing the health and safety of the public. Some of these issues can likely be resolved ahead of next year's election, but some solutions will require legislative change and take longer. There are several issues we do not recommend progressing, although we may make a comment on them in the final report.
6. Alcohol is the most contentious policy area in scope of the Review, both due to the complexity of the current system and the significant cost of alcohol harm to New Zealanders and the economy. We have set aside around three weeks toward the end of the Review to re-engage with the sector and a targeted group of stakeholders that deal with the effects of alcohol harm, such as Police, Health officials¹, local government regulators, and organisations that represent those who have suffered alcohol harm.
7. We are working to have the Review's recommendations policy decision ready prior to the final report being considered by Cabinet. To do this, we recommend undertaking public consultation in addition to the targeted engagement described above. This is due to the material impacts that changes to the alcohol regulatory system are likely to have on local communities and the public at large.
8. If you agree to undertake public consultation, we will need an additional two months to prepare a discussion document for Cabinet approval and run a four-week consultation process. This would mean the final report would be delivered in mid-June, to be considered by Cabinet in early-July 2026.

¹ This includes both the Ministry of Health and Health New Zealand | Te Whatu Ora.



9. Both appendices should be read together, to understand how the engagement and our own analysis have led to the list of issues. More detail about the problem, including its impacts, and advice about potential options and their relative costs and benefits compared to the status quo, will be provided in the next stage of the Review. However, we are happy to provide further information on any of the issues should you need it for your decision-making now.



Recommended action

10. The Ministry for Regulation recommends that you:

	Minister for Regulation	Minister for Hospitality and Tourism
a) note the Ministry for Regulation has undertaken a prioritisation exercise to determine which of the 35 issues we have identified should be progressed for further analysis in the next stage of the Hospitality Review	<i>Noted</i>	<i>Noted</i>
b) agree to the following issues progressing for further analysis in the next stage of the Hospitality Review (see Appendix B for full problem descriptions):		
Cross regulatory system issues (alcohol, food safety, immigration, building, resource management, transport, health and safety, consumer protection and employment)		
1.1 Easter / ANZAC / Christmas trading restrictions are outdated and do not reflect modern trading practices	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
1.2 Information about legislative obligations and licensing / registration requirements across regulatory systems is not clear to some regulated parties	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
1.3 Providing compliance information to regulators multiple times via different systems to meet application / registration requirements is duplicative and time-consuming	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
1.4 Timeframes for decisions can be long and unpredictable, creating uncertainty and delays for hospitality businesses and events (e.g., alcohol licensing and food registration)	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
1.5 Fees charged for the same compliance / enforcement action can vary depending on who undertakes it, causing uncertainty of cost for businesses and perceived unfairness	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
1.6 The total amount of fees and levies charged across regulatory systems varies across the country and may be disproportionate to the size and risk of the business	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>



	Minister for Regulation	Minister for Hospitality and Tourism
<i>Alcohol regulatory system issues</i>		
2.1 Alcohol licences, particularly renewals, are not assessed on risk, leading to disproportionately burdensome processes for lower-risk operators	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
2.2 Some District Licensing Committees do not understand or discharge their responsibilities well, undermining the quality of decisions	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
2.3 District Licensing Committees can impose disproportionate or ineffective licence conditions on hospitality businesses, unreasonably restricting business practices and imposing costs	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
2.4 Excise tax increases the cost of on-premise alcohol consumption (more than off-premise consumption), costing hospitality businesses with on-licences disproportionately more than those with off-licences	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
2.5 The licensing regime does not allow short-term variations in business practices or for events creating unnecessary costs and administrative work	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
2.6 Regulators in the alcohol system are not consistently guided about how to balance their different incentives in the regulatory system, undermining the quality of decisions	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
<i>Building and resource management regulatory systems</i>		
5.1 Thresholds for requiring resource / building consent for lower-risk / lower-impact activities (e.g., dining outside, marquees, advertising signs, noise levels) are not proportionate	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
<i>Other regulatory systems</i>		
6.1 <i>Security guards</i> : Requirement to display identification and Certificate of Authority when providing private security creates safety concerns for security guards	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>



	Minister for Regulation	Minister for Hospitality and Tourism
6.2 <i>Transport</i> : Clubs and other community organisations may be disincentivised from offering courtesy transport services for their members due to the requirement for drivers to have p-endorsements	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
6.3 <i>Regulatory Stewardship</i> : There are some pieces of legislation that may be superseded by more recent legislation, or unenforced (e.g., the Innkeepers Act of 1962)	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
6.4 <i>Health and Safety</i> : The storage requirements of Liquid Petroleum Gas (LPG) may not be flexible enough to meet the needs of small businesses	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
c) agree with the issues we have recommended not to progress (paragraph 30 refers)	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
d) note we will come back to you in the new year with a list of the progressed issues we think can be easily resolved before the election	<i>Noted</i>	<i>Noted</i>
e) agree to forward a copy of this briefing to Ministers with portfolio responsibility for issues you have agreed to progress for further analysis, for their information (alcohol, food safety, building and construction, health and safety, transport, and justice)	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
f) agree to extend the Hospitality Review by two months to undertake public consultation on options for reform before the final report is considered by Cabinet	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>
g) note that if you agree to undertake a public consultation process as part of the Hospitality Review, we will prepare a draft consultation document for you to take to Cabinet in mid-February 2026	<i>Noted</i>	<i>Noted</i>
h) note that a legislative bid has been prepared in the name of the Minister for Regulation for an Omnibus Bill to proceed with the recommendations in the Hospitality Review requiring legislative change	<i>Noted</i>	<i>Noted</i>



	Minister for Regulation	Minister for Hospitality and Tourism
i) agree the Ministry for Regulation can proactively release this briefing at the end of the Hospitality Review, with the necessary redactions.	<i>Agree/Disagree</i>	<i>Agree/Disagree</i>

s 9(2)(a)

Hannah McGlue
Regulatory Reviews Manager
Ministry for Regulation
Date: 4 December 2025

Hon David Seymour
Minister for Regulation

Date:

Hon Louise Upston
Minister for Tourism and Hospitality

Date:

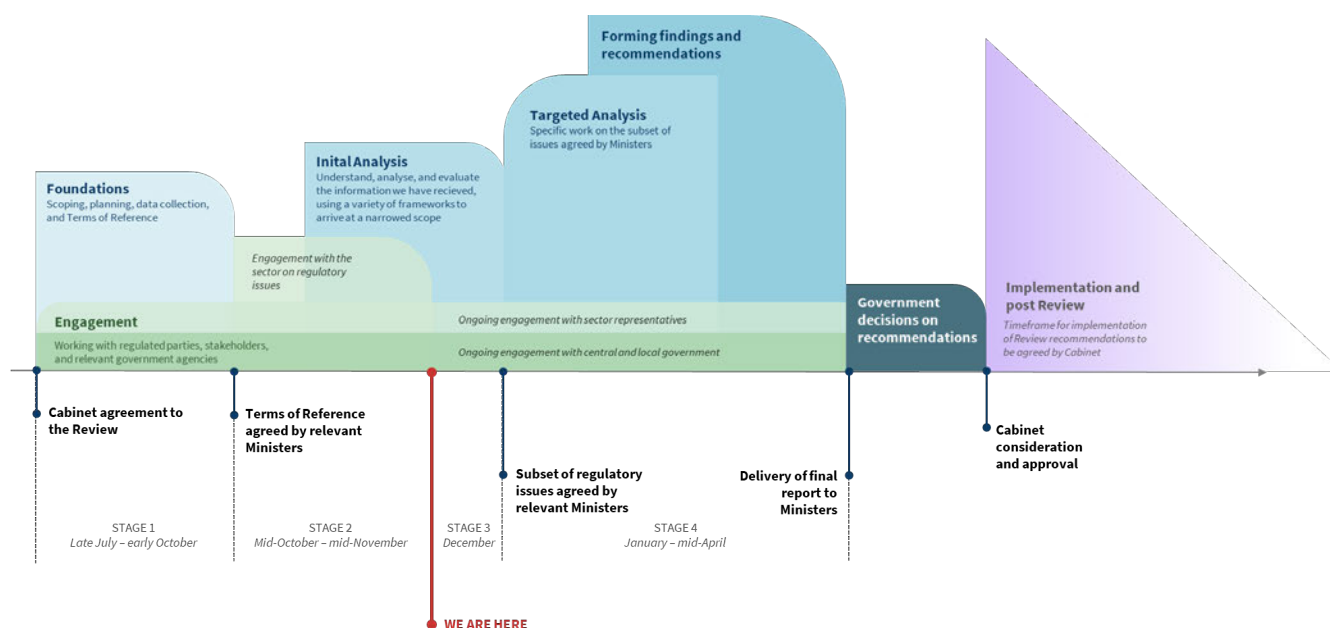
Purpose

11. The purpose of this briefing is to:

- 11.1. outline the issues raised during the first phase of sector engagement and our initial analysis of them
- 11.2. provide our recommendation for which issues should be included for further analysis, and
- 11.3. test whether the alcohol-related issues require a broader consultation process.

Two stages of the Review are nearly complete

12. As you know, there are four stages to the Review.² We have completed Stages 1 and 2, (agree the Terms of Reference and initial sector engagement and analysis). Your decisions on this advice will complete Stage 3 (agree on key issues). The diagram below outlines where we are at in the process.



A wide range of issues, covering several regulatory systems, were raised during sector engagement

13. A total of 188 submissions were received from business owners, peak bodies, workers, regulators and other interested parties during the consultation period.³ We also met with 14 groups, made up predominantly of peak bodies, as well as some business owners and regulators. Attached in **Appendix A** is a summary of the submissions received.

² Stage 1: Agree Terms of Reference, Stage 2: Initial sector engagement, Stage 3: Agree on key issues, Stage 4: Targeted analysis and recommendations [MFR2025-203 refers].

³ The consultation period ran from 15 October to 12 November 2025.



14. Engagement confirmed a clear need for government intervention in the hospitality sector, including through regulation. This is because of significant enough market failures including negative externalities, information asymmetry and behaviour biases. In the next stage, we will investigate whether the level and type of government regulatory intervention is effective, efficient and proportionate to ensure interventions are not hampering market entry, expansion and innovation for hospitality businesses.
15. The main pain points for the sector centre around:
 - 15.1. compliance difficulties, or understanding how to be compliant
 - 15.2. the cost (both financial and time) to obtain an alcohol licence, be registered and verified to sell food, or obtain a building or resource management consent
 - 15.3. how long licensing decisions take
 - 15.4. understanding how licensing decisions are made, and
 - 15.5. the low level of risk tolerance by regulators.
16. These themes are reflected in the issues we recommend for further analysis. Following your decisions on which issues to progress, we will specifically consider the question about what the right level of government intervention is during the next stage of problem analysis.

We recommend progressing 17 issues for further analysis

Issues we recommend progressing

17. Based on submissions from regulated parties, regulators, and representative groups, the Review's analysis of the regulatory systems, and economic insights⁴ about the hospitality sector, we have identified 35 discrete issues. These are detailed fully in **Appendix B**.
18. We recommend 17 of these issues progress for further analysis. The issues are grouped in one of two ways: the issue applies to multiple regulatory systems or is relevant to a specific regulatory system (e.g., alcohol).
19. We assessed each issue against the following criteria set out in the Review's analytical framework:
 - 19.1. **Potential economic benefits:** whether the issue has identifiable and meaningful economic and other benefits for the sector, and the potential size of those benefits. This included consideration of the size of potential market and government failures causing the issue.
 - 19.2. **Feasibility:** whether the amount of work needed to analyse and address the problem is achievable within the timeframes of the Review.
 - 19.3. **Timing:** whether now is a good time to address the issue, considering factors such as recent policy announcement and current reforms underway, including whether those reforms will address the issues in a timely manner.

⁴ The Review team has analysed the size and structure of the sector, the level of market dynamism (including price elasticity) and competition, and the level of innovation occurring in the sector.



20. Each issue was scored out of six (two points for each criterion). Issues that scored a three or above are recommended to progress, while those that scored two or below are not recommended.
21. The list of recommended issues presents opportunities to improve the regulatory landscape for both hospitality businesses and regulators. Some of them can be more easily addressed or implemented i.e., through changes to regulatory practice or making information more readily available to regulated parties.⁵ Other opportunities, particularly those requiring legislative change, come with a higher degree of risk, will take longer to achieve, and the timing to achieve those changes will run into the pre-election period. This is particularly true for any changes we might recommend to the Sale and Supply of Alcohol Act (SSAA).
22. Once you have agreed to the list of issues you want us to progress, we will complete further analysis and options development. We will assess options to address the issues against the following criteria, with the aim of ensuring that recommended changes achieve the appropriate level of government intervention and foster competition in the hospitality sector:
 - 22.1. **Effectiveness:** how well does the option address the problem / opportunity and produce the desired results?
 - 22.2. **Efficiency:** how well are the costs and benefits of the option balanced? Is value for money maximised, to the extent possible? This will involve conducting cost / benefit analyses.
 - 22.3. **Alignment with regulatory standards:** how well does the option and its potential implementation alternatives align with the principles of responsible regulation and regulatory stewardship?
 - 22.4. **Feasibility:** What would be required to implement this option, and how easy would it be? Are there any potential implementation risks that may undermine the effectiveness or efficiency of the option?
23. We will come back to you in the new year with a list of those we think can be easily resolved before the election, and those that will require primary legislative change to implement.
24. The table below outlines the issues we recommend taking forward for further analysis. Note the issue number corresponds to the number it has been assigned in **Appendix B**.

Issue Number	Description	Score
Problems and opportunities which span regulatory systems we recommend progressing		
1.1	Easter/ANZAC/Christmas trading restrictions are outdated and do not reflect modern trading practices	6/6
1.2	Information about legislative obligations and licensing/registration requirements is not readily available to or clear to some regulated parties	5/6
1.3	Providing information to regulators multiple times via different systems to meet application/registration requirements is duplicative and time-consuming	5/6

⁵ For example, funding better training and more provision of support and resources for regulators.



Issue Number	Description	Score
1.4	Timeframes for decisions (e.g., alcohol licensing, and building and resource consents) can be long and unpredictable, creating uncertainty and delays for hospitality businesses and events	5/6
1.5	Fees charged for the same compliance/enforcement action can vary depending on who undertakes it causing uncertainty of cost for businesses and perceived unfairness	4/6
1.6	The total amount of fees and levies charged across regulatory systems varies across the country and may be disproportionate to the size and risk of the business	3/6
Problems and opportunities in the alcohol regulatory system we recommend progressing		
2.1	The alcohol licencing process, particularly renewals, may be disproportionately burdensome for lower-risk operators	6/6
2.2	Some District Licensing Committees (DLCs) ⁶ do not understand or discharge their responsibilities well, undermining the quality of decisions	6/6
2.3	DLCs can impose disproportionate or ineffective licence conditions on hospitality businesses, unreasonably restricting business practices and imposing costs	5/6
2.4	Excise tax increases the cost of on-premise alcohol consumption (more than off-premise consumption), costing hospitality businesses with on-licences disproportionately more than those with off-licences	5/6
2.5	The alcohol licensing regime does not allow short-term variations in business practices or for events, creating unnecessary costs and administrative work	5/6
2.6	Regulators in the alcohol system are not consistently guided about how to balance their different incentives in the regulatory system, undermining the quality of decisions	3/6
Problems and opportunities in the building and resource management systems we recommend progressing		
5.1	The threshold for requiring resource and/or building consent for lower-risk/lower-impact activities (e.g., dining outside, marquees, advertising signs, noise levels) may not be proportionate	5/6

⁶ The power to issue licences to sell and supply alcohol is devolved by the Sale and Supply of Alcohol Act 2012 to DLCs. Every territorial authority has a DLC that makes licencing decisions for their designated area, and members of DLCs are appointed by territorial authorities



Issue Number	Description	Score
Problems and opportunities in other regulatory systems we recommend progressing		
6.1	<i>Security Guards:</i> The requirement to display identification and a Certificate of Authority when providing private security creates safety concerns for security guards	5/6
6.2	<i>Transport:</i> Clubs and other community organisations may be disincentivised from offering courtesy transport services for their members due to the requirement for drivers to have p-endorsements	4/6
6.3	<i>Regulatory Stewardship:</i> There are some pieces of legislation that may be superseded by more recent legislation, or unenforced (e.g., the Innkeepers Act 1962)	4/6
6.4	<i>Health and Safety:</i> The storage requirements of Liquid Petroleum Gas (LPG) may not be flexible enough to meet the needs of small businesses	3/6

25. Some of these issues are long-standing for the sector and were reflected in last year's Hospitality Summit. The Review presents an opportunity for them to be considered in a holistic way. Understandably, agencies tend to only assess the impact of regulatory requirements on a regulated party from their system's perspective.
26. The benefit of this type of regulatory review is we can look at the cumulative effect regulatory requirements from multiple systems and the impact they have on individual businesses, particularly small businesses (which represent 97 per cent of all businesses in New Zealand). This is why category one, the cross-regulatory system category, has so many issues that scored so highly.

Current reforms may impact some of the issues we recommend progressing

27. Councils play a significant role in many of the regulatory systems within scope of the Review, their role as a regulator (i.e., food and alcohol inspections), or by setting rules for hospitality businesses through district plans and local bylaws (i.e., noise, light, and outdoor dining). However, local government is going through a period of significant change. Resource management reform is imminent, and there have been recent announcements on capping rates, removing regional councils, as well as downward pressure on rates increases.
28. Resource management reform may mean that some requirements for consents are no longer required for resolving issues such as noise, advertising or marquees, which we have recommended progressing at this stage of the Review. On the other hand, councils might, as a result of the changes, place more emphasis on their ability to recover some or all of their costs to carry out regulatory functions. This will mean ensuring fees and charges allow for reasonable and appropriate cost recovery where there is a private benefit.
29. As we undertake further analysis, we will continue discussions with DIA and all responsible agencies impacted by the Review. We have also reached out to the Ministry for the Environment to get a sense of whether some of the issues related to noise, marquees, advertising signs, and outdoor dining will be addressed in the new resource management Bills.



Issues we recommend not progressing

30. The table below outlines the remaining issues we do not recommend progressing for further analysis in the Review. Reasons for this include:

- 30.1. a lack of evidence to support the issue
- 30.2. the issue is not regulatory in nature
- 30.3. the impact is wider than the hospitality sector, and could have unintended consequences on other businesses if changes are made
- 30.4. there are likely many underlying causes that cannot be effectively analysed or solved within the timeframe of the Review, or
- 30.5. the issue is being addressed through an existing work programme by the responsible agency and/or Cabinet has already made decisions.

Issue Number	Description	Score
Problems and opportunities which span regulatory systems we do not recommend progressing		
1.7	Hospitality is not seen as a desirable and valuable career option in New Zealand, meaning the skilled labour pool in New Zealand is too small	-2/6
Problems and opportunities in the alcohol regulatory system we do not recommend progressing		
2.7	Licensing Trusts ⁷ that hold monopolies over certain types of licences are an inefficient and under-scrutinised mechanism for selling and supplying alcohol, and reducing alcohol harm	-1/6
2.8	Under a club licence, whom a club can serve in addition to club members is unclear	-1/6
2.9	The alcohol licensing process may be susceptible to circumvention by regulators, leading to unfair and untransparent decisions in some cases	-1/6
Problems and opportunities in the food regulatory system we do not recommend progressing		
3.1	Businesses are unsure how decisions about the frequency of food safety verification are made by regulators	2/6
3.2	Risk thresholds for different types of business or food production may be too high for the risk posed (including regulatory approach)	2/6
3.3	Templated Food Control Plans are too complex and time consuming to use, and not accessible for many business owners	2/6
3.4	Changes to Food Control Plans are difficult to make, stifling menu innovation	2/6
3.5	Requirements to keep records about fridge, freezer, and delivery temperatures is costly	2/6
3.6	Food levies are disproportionate to the size of business i.e. not scaled to size	1/6
3.7	No national food safety grading system means customers receive inconsistent information	0/6

⁷ Licensing Trusts are a statutory form of community enterprise that sell and supply alcohol in certain communities. Licensing Trusts can hold a monopoly over on-licences and off-licences in their designated geographic area. There are four Licensing Trusts remaining in New Zealand: Portage, Waitākere, Invercargill, and Mātāura.



Issue Number	Description	Score
Problems and opportunities in the immigration regulatory system we do not recommend progressing		
4.1	The Accredited Employer Work Visa process is costly, onerous, and may not be fit for purpose for modern business operations	-5/6
Problems and opportunities in the building and resource management systems we do not recommend progressing		
5.2	Delays in territorial authorities' issuing building consents/codes of compliance result in costs for businesses in some areas	1/6
5.3	Business owners find the requirements for Building Warrants of Fitness are costly, complicated and can temporarily close hospitality businesses	-1/6
Problems and opportunities in other regulatory systems we do not recommend progressing		
6.5	<i>Tourism:</i> Qualmark accreditation for accommodation providers is required to access government support, which imposes additional costs to businesses	2/6
6.6	<i>Consumer Protection:</i> Removing the ability to pass on card fees and surcharges imposes costs on businesses	0/6
6.7	<i>Copyright:</i> Music licencing costs are disproportionately expensive for the benefit received	-2/6
6.8	<i>Employment:</i> Sick leave, annual leave, break, and ACC entitlements are complex and burdensome on hospitality businesses	-5/6

We recommend immigration issues are not progressed

31. The immigration issue raised (issue number 4.1) is a good example of how an issue meets some of the factors outlined in paragraph 30. Submitters, mostly business owners, felt it should be an easier and cheaper process to bring skilled migrants in from overseas. However, our analysis and engagement with MBIE led us to conclude that there was insufficient evidence to recommend changes to the Accredited Employer Work Visa (AEWV) for hospitality businesses. We think the bar set for employers by the requirements are justified to prevent the risks of migrant exploitation.
32. Our analysis also determined that if the Review recommended changes to AEWV to improve outcomes for the hospitality sector, it would either set a precedent that could be hard to match, or there could be adverse implications for other sectors. We noted that visa settings are assessed by MBIE regularly, to ensure they are achieving the desired balance between labour availability and costs to New Zealand.⁸ Therefore, we have concluded that there is no need for these issues to be included in scope of the Review.

We recommend food safety issues are not progressed

33. Many of the food safety regulatory issues raised relate to risk thresholds for different types of businesses, Food Control Plans, and food safety verification decision-making (issues 3.1 – 3.7), which are being reformed by MPI as part of the Food Act Improvement Plan.

⁸ The most recent review of the AEWV concluded in December 2024, with changes phased throughout 2025.



34. We want to avoid duplicating existing work MPI is already doing. Therefore, these issues did not score highly when looking at the criterion related to timing. However, given the importance of food safety in the hospitality sector, and the number of submissions we received related to the food safety regulatory system, the Review will revisit progress on this reform in the new year to determine if we need to complete further analysis and provide comment or recommendations in the final report. We are also sharing information from sector engagement with MPI to help inform their work.
35. The Minister for Food Safety has yet to publicly announce work is underway on the Food Act Improvement Plan. Depending on the timing of any updates you may want to release on the Review, there may be some confusion in the sector to have a review of hospitality that does not include food safety (beyond the cross-cutting issues outlined in issue number 1). We recommend engaging with Minister Hoggard on how to work together, at a Ministerial level, on the required changes and plans he might have for any public announcements.

Improving hospitality as a viable career option is out of scope of the Review

36. An issue raised by many of the hospitality-related peak bodies is that hospitality is not seen as a desirable and valuable career option in New Zealand (issue number 1.7). This did not score highly on the feasibility criterion as the issue does not relate to specific regulatory requirements or regulatory practice and has many underlying causes that cannot be viably analysed or solved within the Review's timeframe. It also scored low on the timing criterion because other, better placed agencies, businesses, and representative groups in the sector are aware of the issue and working on it.

All issues raised during engagement could be commented on in the final report

37. It is important to note that while we are not recommending all the issues are progressed further, we may still make a comment on all of them in the final report. Through our prioritisation exercise, we think we have found the right balance of issues, and if they are addressed, will achieve the purpose of the Review which is to recommend actionable change to improve regulation and reduce unnecessary requirements for the hospitality sector.

We recommend undertaking public consultation as part of the Review

Alcohol-related issues are the highest risk area for the Review

38. Addressing alcohol-related issues through operational changes and potential changes to the SSAA presents an opportunity to streamline requirements and significantly reduce the compliance burden for both regulated parties and regulators – at the same time as effectively balancing the risks of harm.
39. We are working towards having the Review's recommendations policy decision ready, meaning the policy work is completed prior to the final report being considered by Cabinet. This will enable Cabinet to make policy decisions and issue drafting instructions covering potential legislative change shortly after the final report is considered.
40. Alcohol is the highest risk area for the Review, due to the complexity of creating proposals that address the issue without causing unintended consequences in other parts of the alcohol



regulatory system, the need to consider the purpose of the SSAA⁹, the significant cost of alcohol harm to New Zealanders and the New Zealand economy, and the need to carefully respond to a range of stakeholders with an interest in this area.

Further consultation is planned in the Review

41. We have set aside a small amount of time (around three weeks) in the Review to re-engage with the sector on options and recommendations, as well as targeted consultation with Police, Health New Zealand, local government regulators, and representative groups for those impacted by alcohol harm. Broadening this engagement will ensure we receive a balance of perspectives and surface any unintended consequences before you seek policy decisions.
42. The second Hospitality Summit scheduled for 12 March 2026 will also be an opportunity to discuss options and recommendations with the sector. However, there is a question about whether you want to extend this engagement to a public consultation process prior to Cabinet to ensure a fully transparent policy process.

We recommend extending public consultation

43. Given the likely strong public interest in the alcohol proposals, and the potential for a broad range of people to be directly and materially affected by them, we recommend you undertake public consultation on the proposals.
44. To do this we would need to extend the Review by two months to run this consultation process. This includes seeking Cabinet approval to release a public discussion document, running a four-week consultation period, analysing submissions, and completing the alcohol section of the final report. This would mean a final report delivered in mid-June 2026, going to Cabinet in early July 2026.
45. While it would take longer, it does not preclude the implementation of any operational changes identified in the Review. Ultimately, a short delay during the Review process will result in a more robust and effective outcome if all affected parties, including the public, can contribute to the process.
46. Having advice informed about potential impacts on the public is consistent with the principles of responsible regulation. Public consultation could also be an opportunity to test our proposals in other regulatory systems if needed.
47. Not consulting publicly could lessen the impact of the Review's final report or complicate the Select Committee process, though this is hard to quantify as the current Bill to amend the SSAA is still being drafted.¹⁰ This would also be the second time proposals to change the SSAA are considered by Cabinet in this parliamentary term without public consultation. The Ministry of Justice is concerned that further proposals to amend the SSAA may delay the current Bill.
48. If you agree to public consultation, we will prepare a discussion document for you to take to Cabinet in February next year.

⁹ The purposes of the SSAA are to ensure that the sale, supply and consumption of alcohol is undertaken safely and responsibly, and to minimise alcohol harm.

¹⁰ This current Bill is the Sale and Supply of Alcohol (Improving Alcohol Regulation) Amendment Bill.



Next steps

49. We have prepared a bid for an Omnibus Bill in the name of the Minister for Regulation, to be added to next year's legislative programme to progress recommendations from the Review requiring legislative change [MFR2025-302 refers]. This bid has been given a category 6 - drafting instructions to be issued in 2026.
50. To ensure there are no delays, we require decisions on the issues we recommend progressing before the Christmas break. In the new year, we will provide you with a:
 - 50.1. draft discussion document (if you agree to public consultation being undertaken as part of the Review), and
 - 50.2. briefing on the list of issues we think can be easily resolved before the election, including those that will require primary legislative change to implement, following completion of the options analysis.
51. We hope to meet with you both next week to discuss the content of this briefing.¹¹ This will be an opportunity to take you through the submissions (**Appendix A** refers) and how they link to the issues we assessed and scored (**Appendix B** refers), as well as answer any questions you have on our approach and/or content.
52. You might also like to consider making a joint announcement before Christmas. The announcement could cover the high level of engagement on the Review thus far, thanking those that made a submission, and advising at a high level the types of issues and regulatory systems that will be progressed in the next stage of the Review.
53. We do not recommend including the detailed list of issues in any public announcement at this stage, as it could prejudice our ability to provide advice to you on specific areas, and risk stakeholders relitigating decisions. This would distract from our ability to complete the next stages of the Review within the timeframe.

¹¹ Meeting is currently scheduled with Minister Seymour on 8 December 2025.



Appendix A – Summary of submissions



**Ministry for Regulation
Te Manatū Waeture**

Appendix A

MFR2025-310

What we heard from submissions

Hospitality Regulatory Review

November 2025

Introduction and Context

This set of slides presents a summary view of the quantitative and qualitative information received by the Hospitality Regulatory Review (the Review) during engagement. It is a summary and synthesis of submitters' views and opinions, and therefore will not fully reflect the views of any one submission, nor has it been fact-checked for the purposes of these slides.

This summary is not the Ministry's view on the regulatory systems that affect the hospitality sector. The information received through this engagement process is currently being validated and analysed alongside other evidence to inform the Review's priorities, findings, and recommendations.

Throughout this set of slides, references are made to the issues identified in the briefing [MFR2025-310 refers] to show how what we heard from submitters has been reflected. Issues have not been mapped to submitters' suggested solutions, as the Review has not completed options analysis.

ONE

Who submitted to the Review?

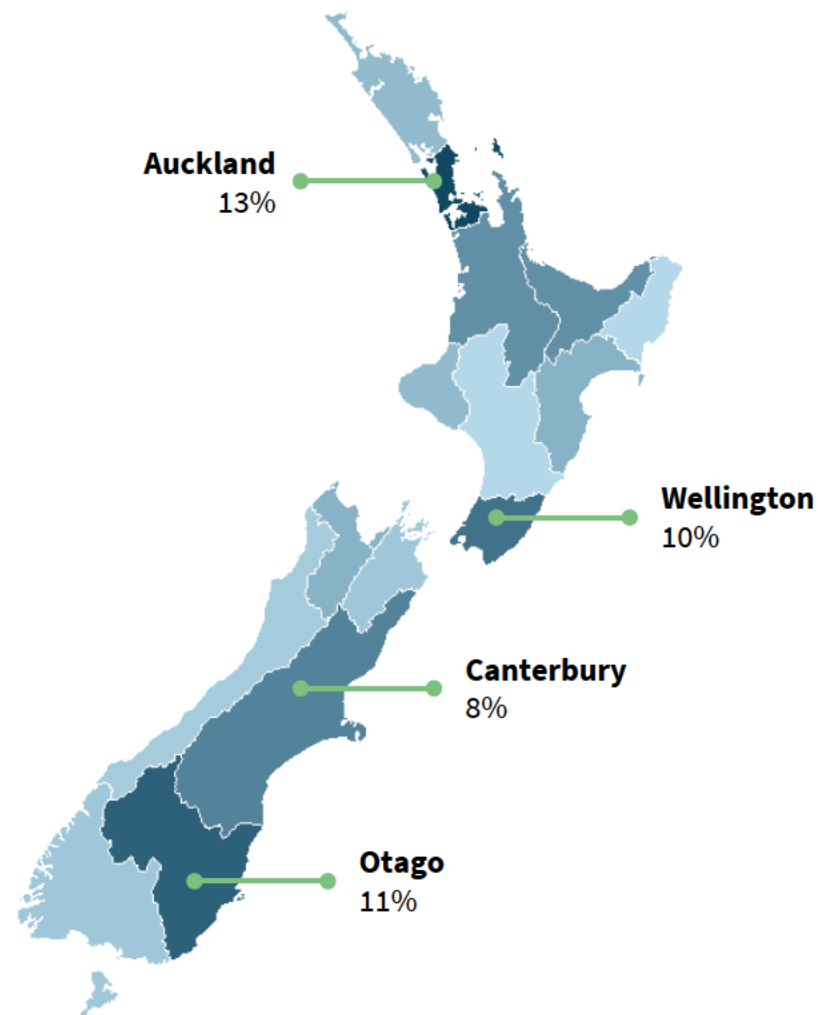
Who submitted to the review?

Roles of submitters in the hospitality sector

Group	Number
Current and former business owners	87
Current and former hospitality workers	15
People who work in regulation relevant to hospitality	54
Organisations who represent hospitality businesses	20
Other interested parties	12
TOTAL	188

Who submitted to the review?

Geographical information



Overrepresentation
of submissions from
Otago (likely from
Queenstown)

Slight
underrepresentation
of submissions from
Auckland and
Canterbury

21%

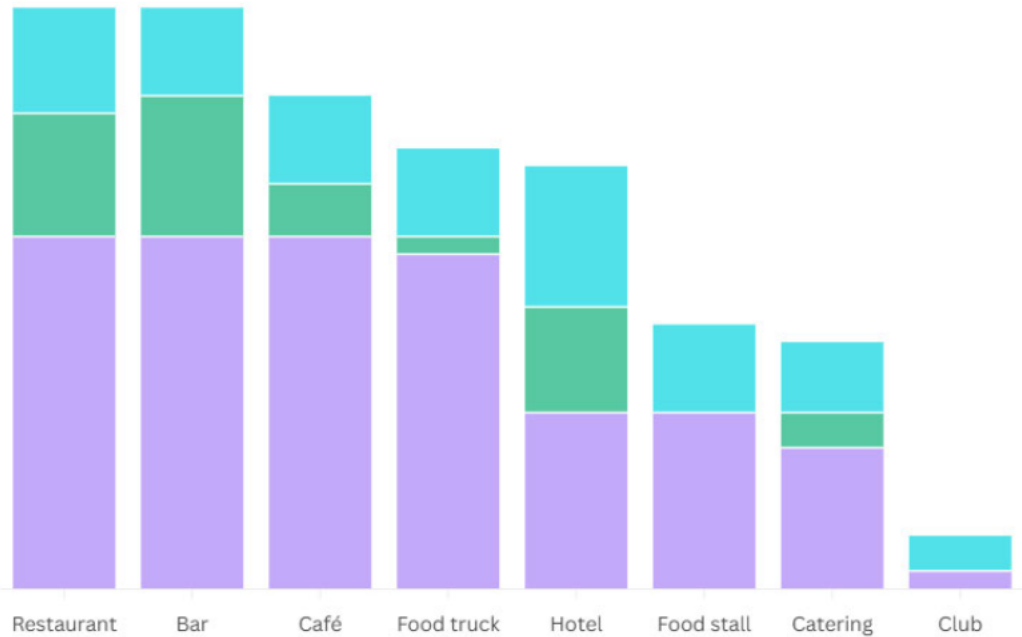
of submitters, on average,
work in or cover a rural area,
which slightly more than the
16% of New Zealanders who
live in rural areas

Who submitted to the review?

Types of businesses and individuals represented

Type of business

Business owners Workers Organisations who represent hospitality businesses



Length of experience in the hospitality sector

Hospitality workers Regulators



The average length of submitters' experience on one hand provides the Review with **confidence that they understand the regulatory systems well**, but on the other hand they may not have been exposed to other ways of doing things

Nearly all submissions from regulators were from those who work for **local councils or territorial authorities**

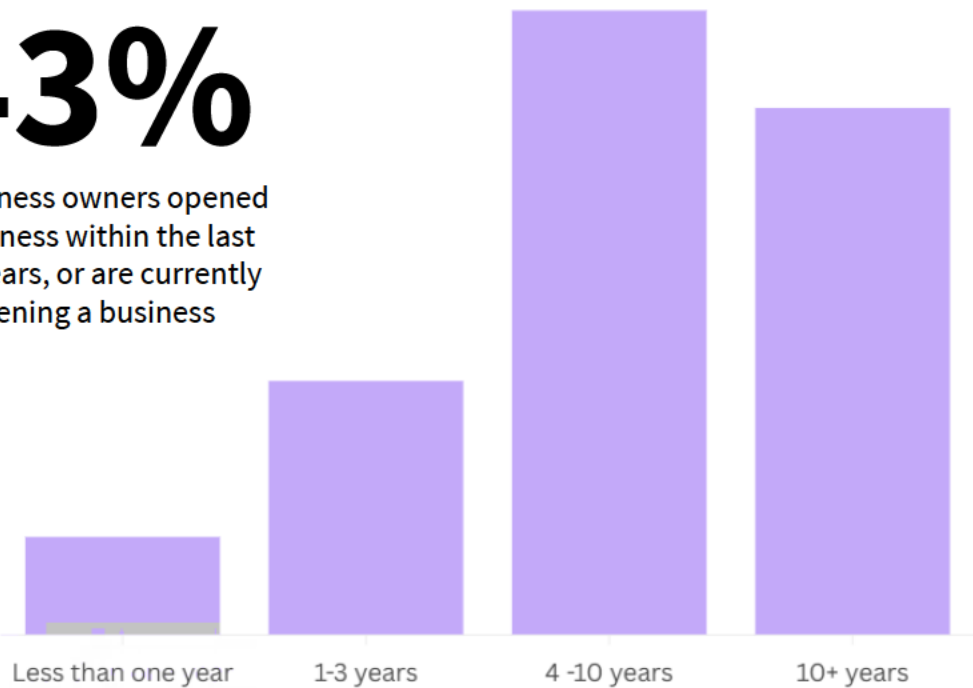
Who submitted to the review?

Features of the hospitality businesses represented

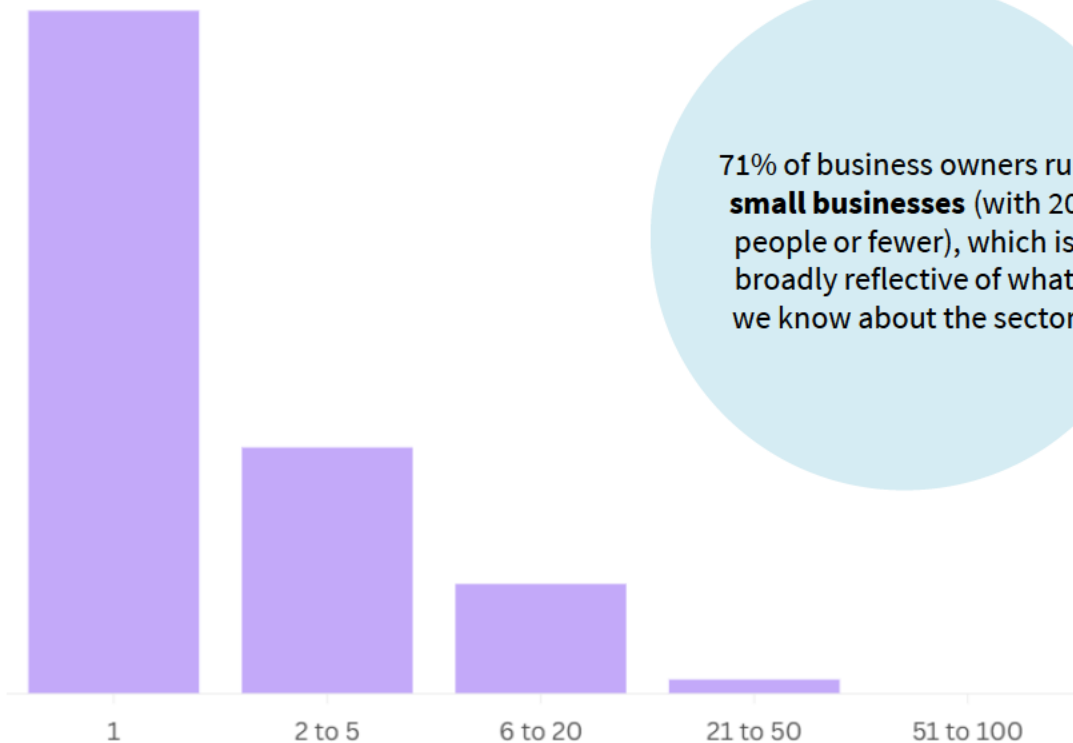
Business longevity

43%

of business owners opened a business within the last two years, or are currently opening a business



Number of businesses / locations owned



71% of business owners run **small businesses** (with 20 people or fewer), which is broadly reflective of what we know about the sector

TWO

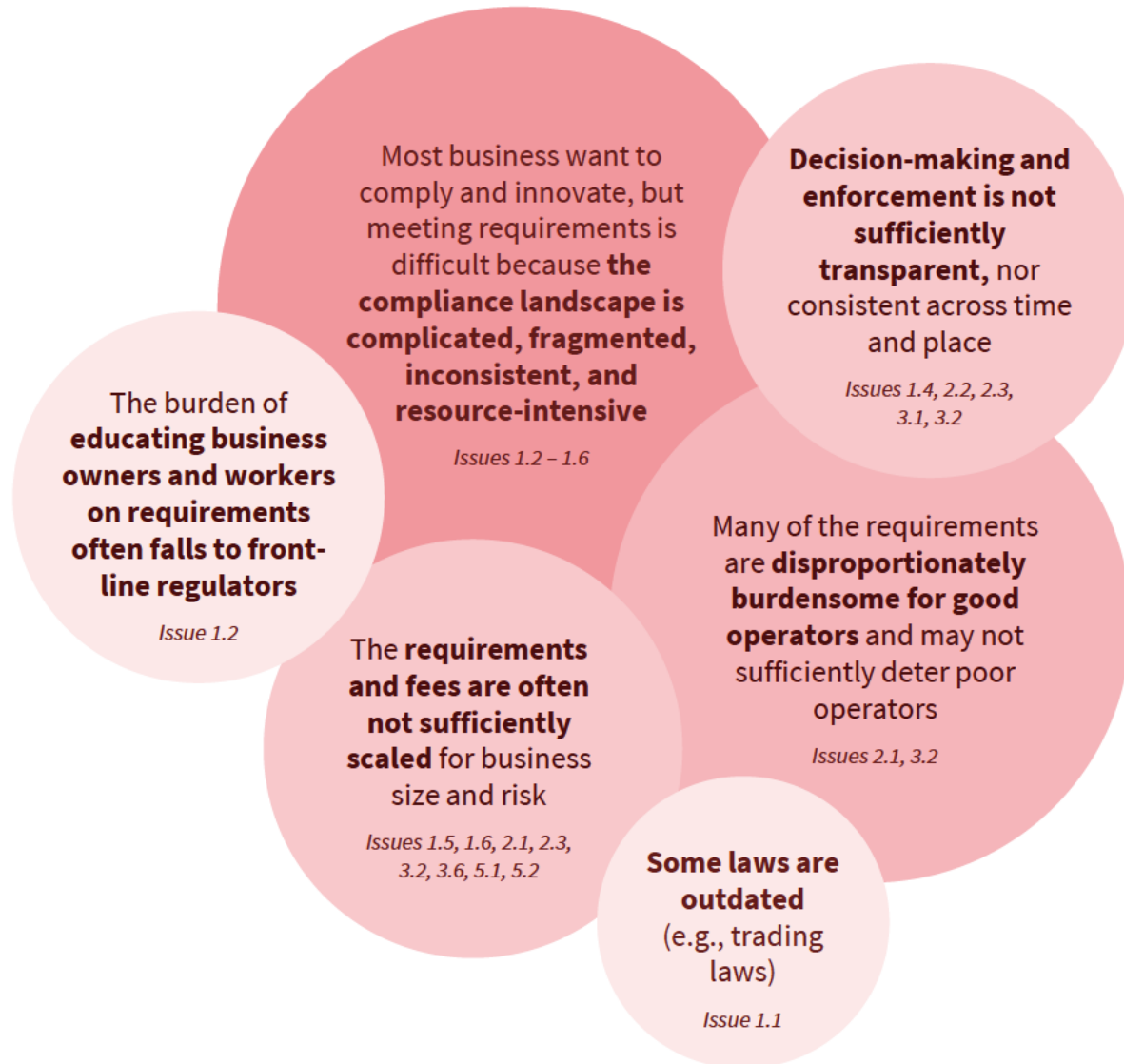
Perceptions of regulatory performance



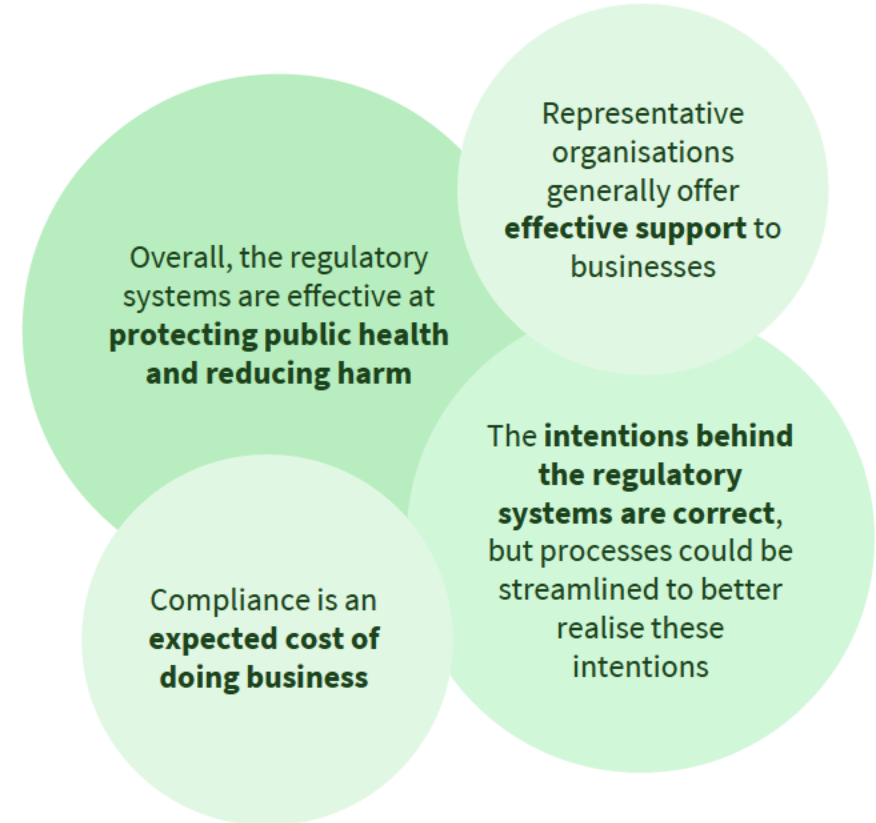
What are submitters' overall views?

Overall perceptions of regulatory performance

The darker the colour of the circle, the more common the theme



and...



How easy do regulated parties find it to meet requirements?

Regulated parties' perceptions of the regulatory systems

Meeting regulatory requirements

Business owners, workers, and representative organisations were asked to rate, overall, how easy they found it to meet day-to-day regulatory requirements in the hospitality sector

Very easy Easy Difficult Very difficult



56%

of business owners **have accessed government support (mostly from local government)** to understand and / or meet the requirements placed on their business

but...

55%

of those who accessed support were **dissatisfied or very dissatisfied with that support**

Issues 1.2, 1.3

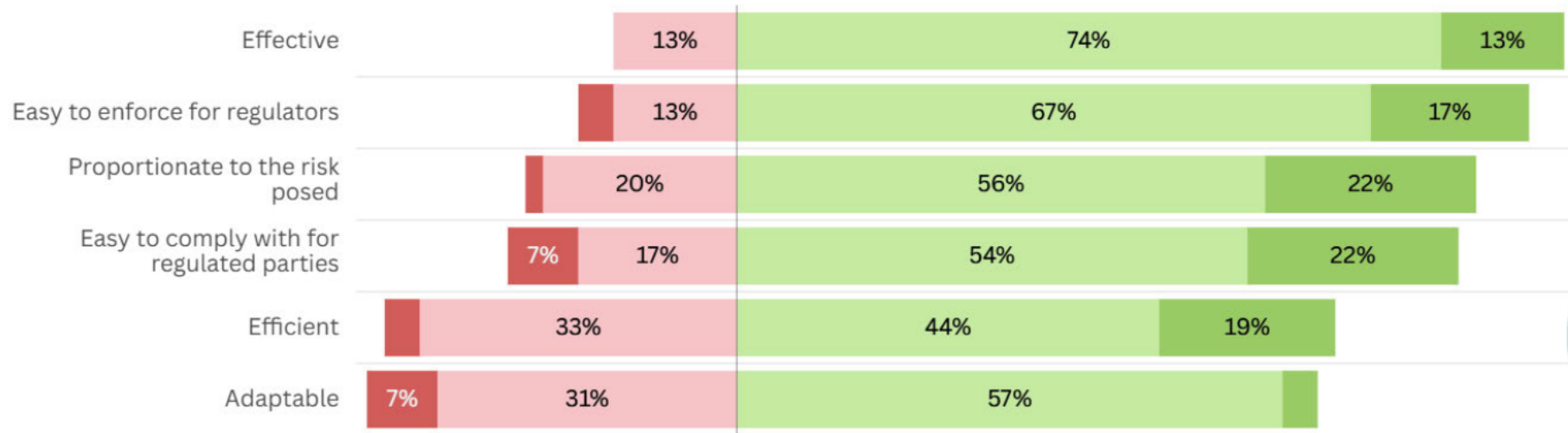
How well do regulators think the systems are working?

Regulators' perceptions of regulatory performance

Regulators' perceptions of the performance of the regulatory frameworks

Regulators were asked to rate the performance of the regulatory system(s) they worked in

■ Fully meets criterion ■ Mostly meets criterion ■ Partially meets the criterion ■ Does not meet the criterion



The majority of these submitters regulate **food and alcohol**, so these assessments are most reflective of the performance of these two regulatory systems

Regulators with more experience were slightly **less likely** to rate the regulatory system as effective

What are the common issues regulators identify?

Regulators' perceptions of regulatory performance



Overall, business owners and workers not knowing or understanding the requirements. This problem spans all regulatory systems. Regulators indicated that the reasons for this include information about the requirements being inaccessible to business owners, the requirements being unclear, or a lack of education about what underpins the requirements.

Issue 1.2



Records not being accurate nor up-to-date. This problem is most prevalent in the food and alcohol regulatory systems. Regulators indicated that the reasons for this include disproportionate record-keeping requirements (which are then not met, or records are falsified to try and meet requirements), language barriers, or business owners and workers not knowing about the requirements.

Issues 1.2, 1.3, 3.3, 3.4, 3.5



Cleanliness, temperature control, pest control, and cross-contamination. These problems are most prevalent in the food regulatory system. Regulators indicated that the reasons for these problems include not knowing or understanding the requirements and ineffective / no training of workers (partly due to worker turnover).

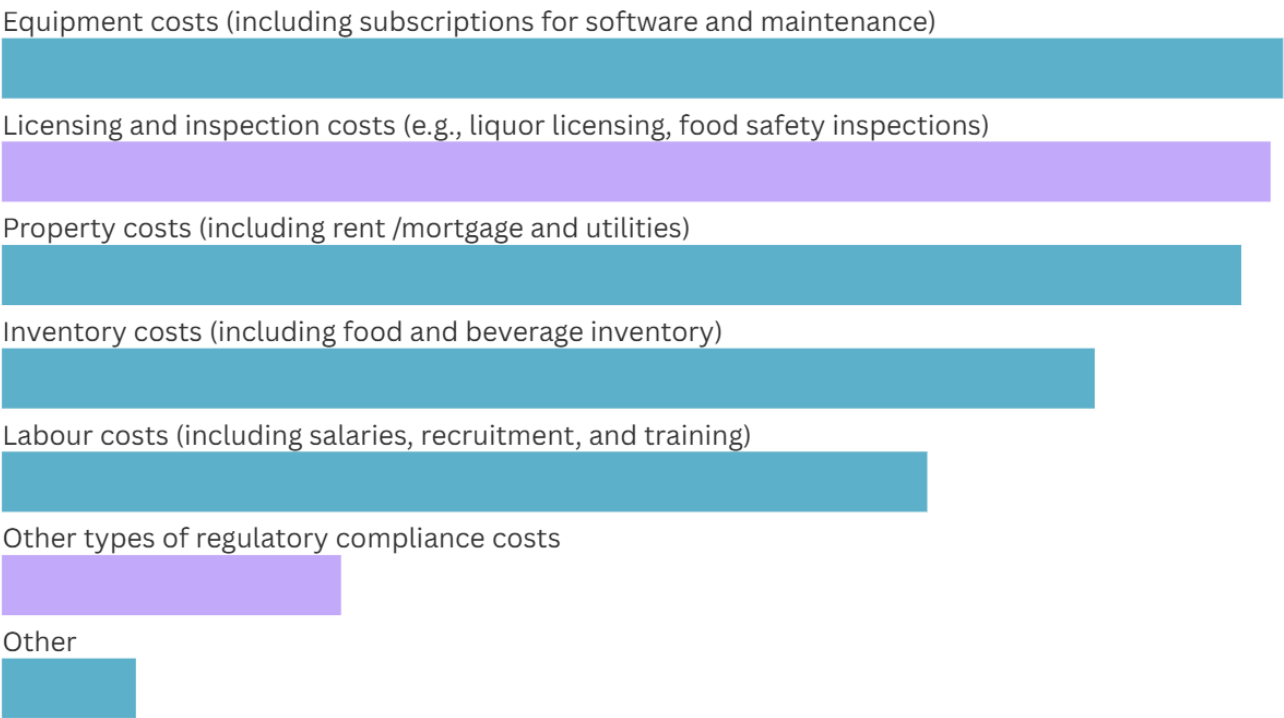
Issues 1.2, 1.7, 4.1

What drives costs for hospitality businesses?

Costs of regulatory compliance

Cost drivers for hospitality businesses

Business owners were asked to identify the top factors that drive their cost of operation



Business owners identified licensing and inspection costs as the **second highest driver** of their costs of operation. Given the nature of the Review, this may be over-represented as regulatory requirements would have been top of mind for submitters when answering this question.

68%

of submitters have **raised their prices** in the past three years. The most common price increase was between 6 – 10%.

Key issues raised, in order, were:

- general economic environment
- increase in certification / registration / licencing costs
- increase in other fees / levies (for example, council rates)
- increase in labour costs.

Issues 1.5, 1.6, 1.7, 2.4, 3.6, 4.1, 5.2

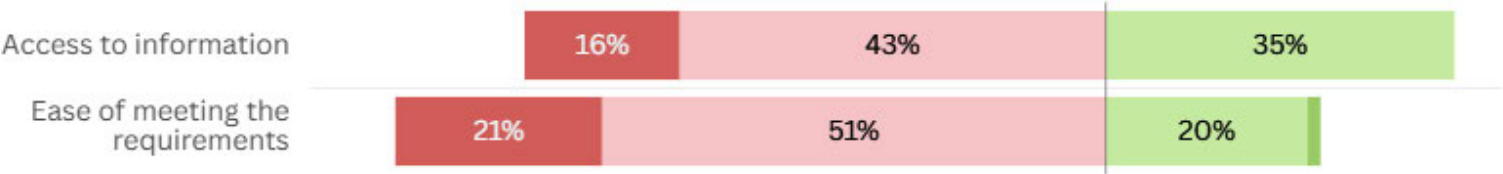
What are the barriers businesses face?

Barriers to market entry, expansion, and innovation

Opening a business

Business owners were asked to rate how easy they found it to access the information required to start a business, and how easy it was to meet the requirements

Very easy Easy Difficult Very difficult



60%

of business owners identified they were prevented from **innovating or meeting a demand**

Key issues raised, in order, were:

- Demand to expand the business, but prevented from doing so due to costs (including inspection costs) or inability to hire staff
- Demand to expand to different types of service (e.g., wholesale food, or selling alcohol), but prevented from doing so due to unclear regulation or regulatory barriers (e.g., an activity is not permitted in their situation)

Issues 1.5, 1.6, 1.7, 2.1, 2.3, 2.5, 3.2, 3.4, 3.6, 4.1, 5.1, 5.2

32%

of business owners who submitted had **closed a business**, which is higher than the average death rate of hospitality firms in New Zealand

Key issues raised, in order, were:

- general economic environment, including the economic effects of the COVID pandemic
- increase in labour costs
- compliance requirements causing delays in opening (including objections to liquor licences), and therefore financial losses

Issues 1.4, 2.1, 2.3, 4.1, 5.1, 5.2

THREE

What should change?



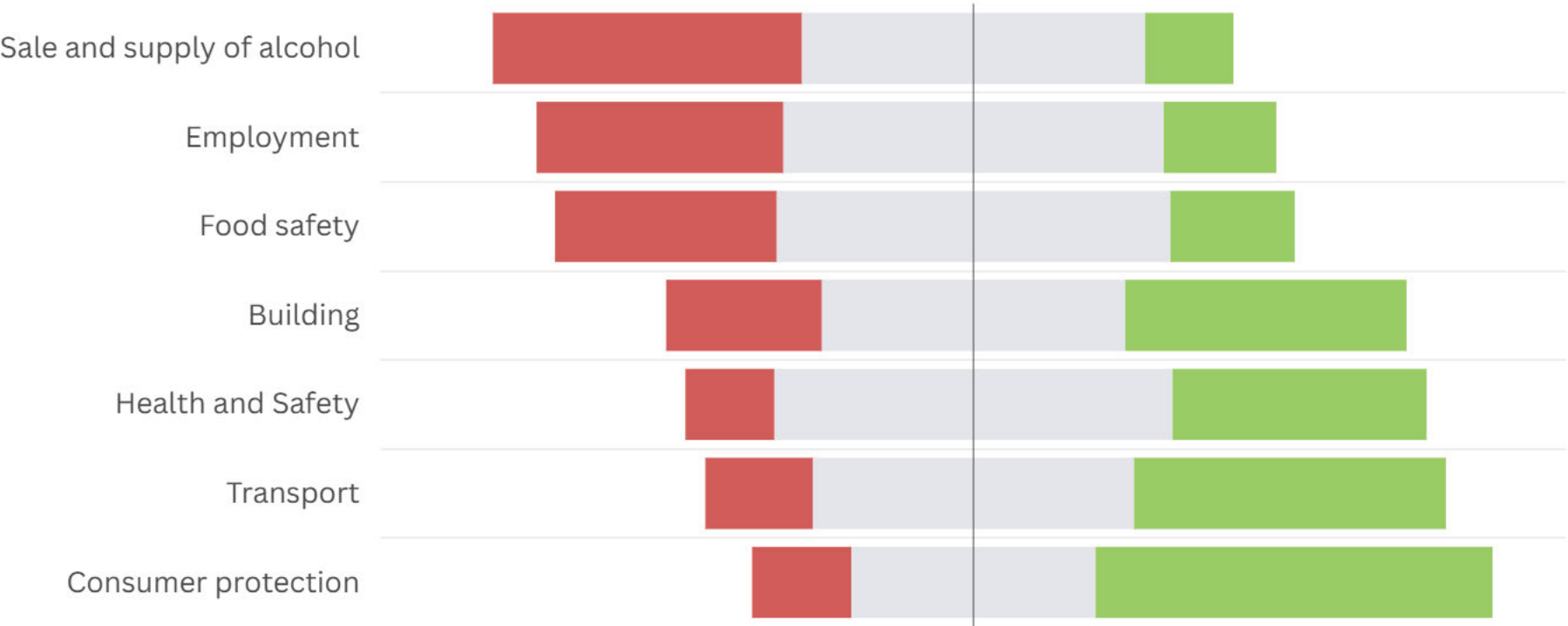
Where do regulated parties think change is needed?

Regulated parties' perceptions of the regulatory systems

Overall, are changes needed to the regulatory requirements?

Submitters were asked to rate the each regulatory system as "Need major changes", "Need minor changes", or "Work well". This is an overall aggregation of these ratings across all types of submitter.

■ Need major changes ■ Need minor changes ■ Work well

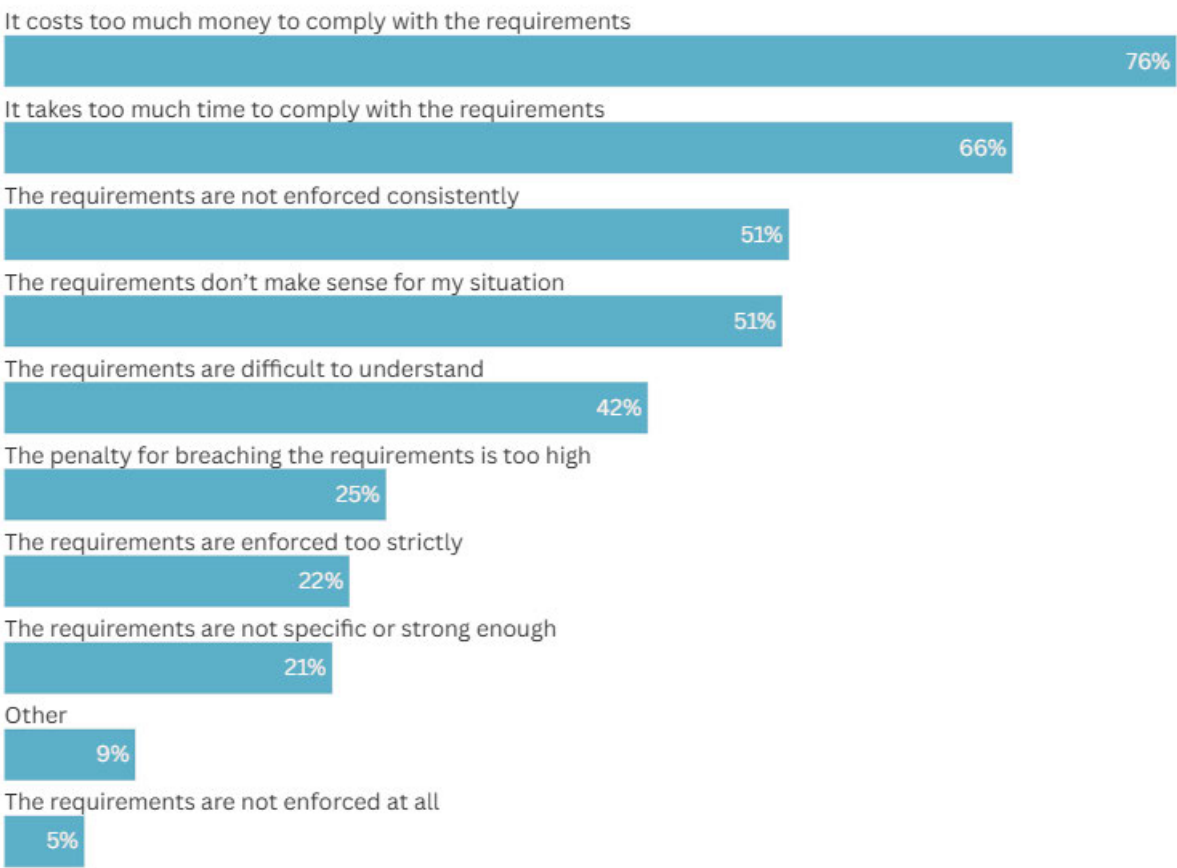


Why do regulated parties think change is needed?

Regulated parties' perceptions of the regulatory systems

Why do submitters want to change regulatory requirements?

Business owners, workers, and representative organisations were asked to identify, if they think changes are needed, why those changes were needed



What are the gaps, duplications, and inconsistencies?

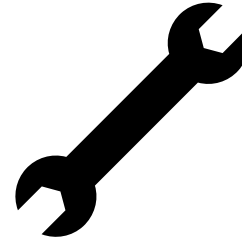
Submitters' views on the overlaps between regulatory systems



35%

of business owners think there are gaps in the regulatory systems. The most commonly identified gaps are **lack of oversight of inconsistent and disproportionate decisions**, and **disregarding experience and previous good behaviour**.

*Issues 1.5, 1.6, 2.1, 2.3,
3.1, 3.2, 3.6, 5.1, 5.2*



76%

of regulators think there are gaps in the regulatory systems. The most commonly identified gaps are **graduated enforcement tools for enforcement of food safety requirements** and the **inability to identify unregistered businesses**.

Issue 3.2



58%

of submitters think there are duplication in the regulatory systems. The most commonly identified duplications are **between local food inspectors and MPI**, and more broadly **between central and local government**.

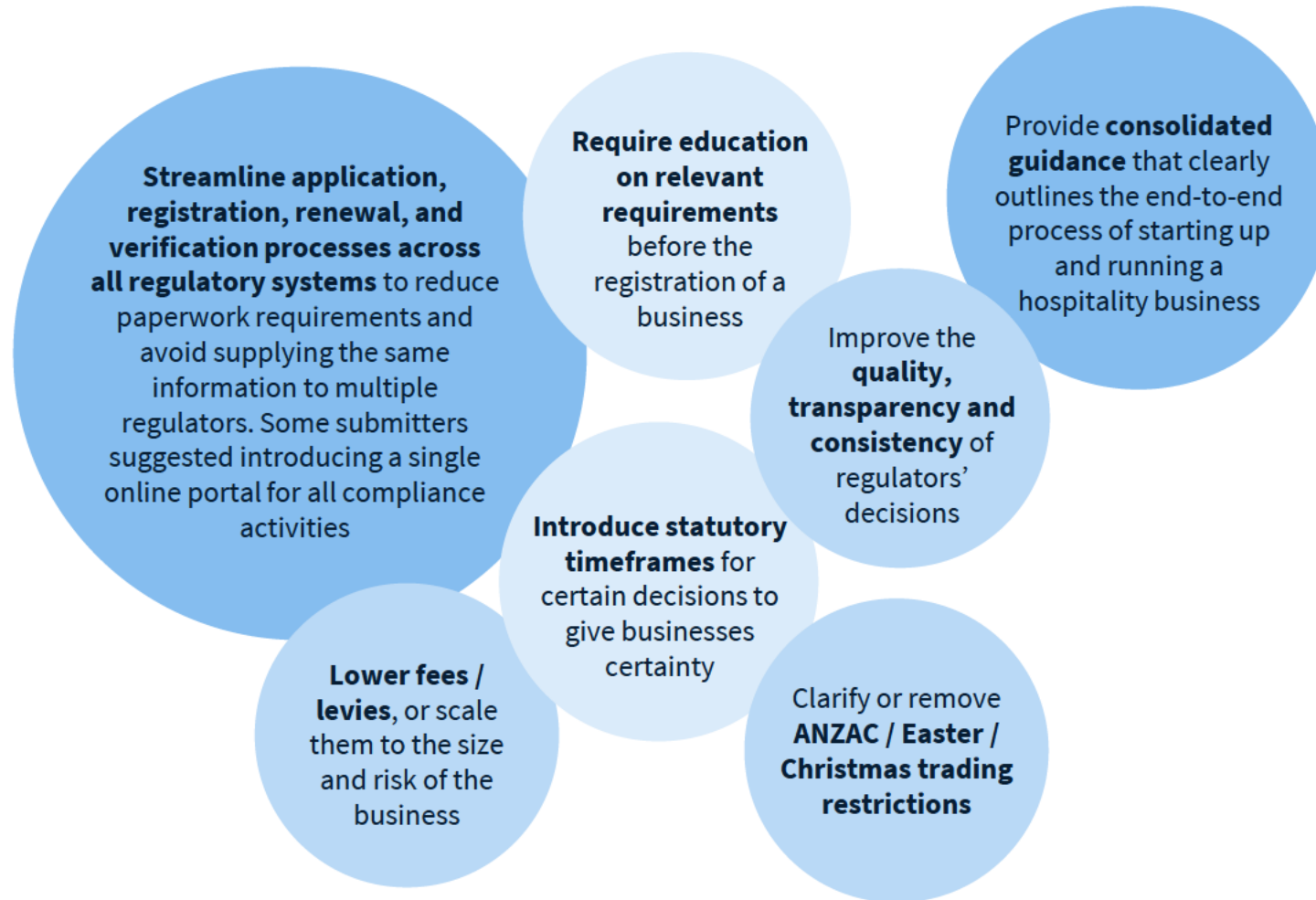
Issues 1.2, 1.3

What should change?

Submitters' views on what should change

*The darker the colour of the circle, the more common the theme.
Specific recommendations needed to be made at least 3 times
across submissions.*

RECOMMENDATIONS THAT SPAN MULTIPLE REGULATORY SYSTEMS

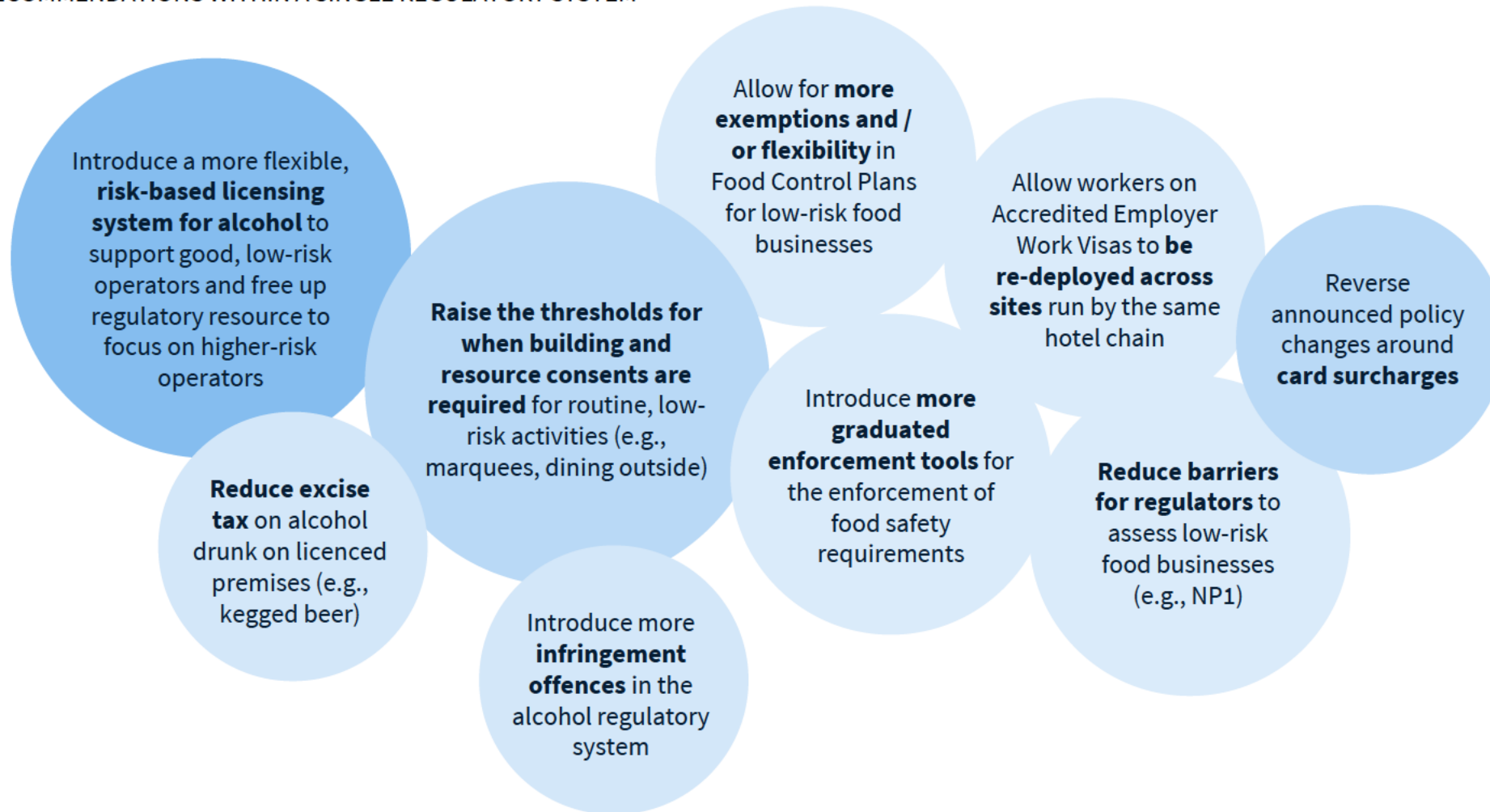


What should change?

Submitters' views on what should change

*The darker the colour of the circle, the more common the theme.
Specific recommendations needed to be made at least 3 times
across submissions.*

RECOMMENDATIONS WITHIN A SINGLE REGULATORY SYSTEM





Appendix B – Problems and opportunities for the Hospitality Review

Appendix B – Problems and opportunities for the Hospitality Review

The tables below outline:

- the problems and opportunities we have identified in Stage 2 (Initial Sector Engagement) of the Hospitality Review (the Review)
- our assessment of these problems and opportunities against our prioritisation criteria
- our recommendation on whether these problems and opportunities should progress to further stages of the Review.

Our prioritisation criteria are:

1. **What are the potential economic and other benefits of addressing the problem / opportunity?** Assessment against this criterion considers the:

- a. quality and quantity of evidence the Review has about the size of the problem, including considering the types and number of hospitality businesses that are likely affected. This evidence includes submissions from regulated parties, regulators, and representative groups, the Review's analysis of the regulatory systems, and economic insights about the hospitality sector. The following phrases are used:
 - i. "The Review has evidence" – the Review is satisfied with the quality and quantity of evidence about the problem and / or consequences.
 - ii. "The Review has some evidence" – the Review has minor concerns about either the quality and / or quantity of evidence, and further work may be needed to fully justify the problem and / or consequences.
 - iii. "The Review does not have sufficient evidence" – The Review is not satisfied with the quality and / or quantity of evidence about the problem and / or consequences.

A fulsome account of the evidence underpinning each of the problems and opportunities will be available alongside the final report of the Review.

- b. types of potential benefits we could expect for hospitality businesses, regulators, and the broader public if we addressed the problem (e.g., reducing costs, increasing certainty, freeing up regulatory resource, or reducing harm).

2. **Is addressing the problem / opportunity feasible in the timeframe of the Review?** Assessment against this criterion considers:

- a. whether the problem is well-defined at this stage, or whether further work is needed to understand the size and drivers of the problem
- b. the body of evidence (including international comparators) available about potential options to address the problem, and the benefits and trade-offs of these options
- c. whether a range of known regulatory and non-regulatory levers is available to address the problem, or whether new types of options need to be developed.

3. **Is now a good time to address this problem / opportunity?** Assessment against this criterion considers whether:

- a. there is currently any other agency work on this issue, and if so, the Review's assessment of whether that work is likely to address the problem in a short enough timeframe (to the best of our knowledge)
- b. there are any other legislative changes in train that may be relevant – these could be used as vehicles for change, or the Review could draw upon previous the policy work that led to these changes.

Appendix B: Problems and opportunities for the Hospitality Review

MFR2025-310



Ministry for
Regulation

Problems and opportunities which span regulatory systems

		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
1	Problems and opportunities which span regulatory systems				
1.1	Easter / ANZAC / Christmas trading restrictions are outdated and do not reflect modern trading practices, are inconsistent with other jurisdictions, and impose costs on businesses.	✓✓ Very good potential benefits <i>Size of problem:</i> The Review has evidence that this prevents economic activity across all types of hospitality businesses, and creates an information asymmetry between government, businesses, and customers about when trading can happen. <i>Type of potential benefits:</i> Addressing this problem would create consistency and certainty for businesses and customers, and likely increase revenue for the hospitality and the wider tourism sector.	✓✓ Very feasible The problem is well-defined and there is a good body of evidence on the benefits and trade-offs of making changes that the Review can draw on during analysis.	✓✓ Very likely to be well-timed There is a current Member's Bill to repeal Good Friday and Easter Sunday as Restricted Trading Days (for alcohol). ¹ The Review could complement this work by considering other pieces of legislation	6/6 Yes
1.2	Information about legislative obligations and licencing / registration requirements across regulatory systems is not readily available nor clear to some regulated parties and is often inconsistent, making it difficult for them to understand and meet these requirements.	✓✓ Very good potential benefits <i>Size of problem:</i> The Review has evidence that this is a significant problem across all types of hospitality businesses and creates an information asymmetry between government and regulated parties. <i>Type of potential benefits:</i> Addressing this information asymmetry would likely significantly reduce start-up and transaction costs for businesses, improving market dynamism.	✓ Feasible The problem is well-defined – albeit distributed across many regulatory systems – and there is a range of regulatory and non-regulatory levers available to effectively address the problem.	✓✓ Very likely to be well-timed The Review is best placed to consider the overall information available to regulated parties across regulatory systems.	5/6 Yes
1.3	Providing compliance information to regulators multiple times via different systems to meet application / registration requirements is duplicative and time-consuming.	✓ Good potential benefits <i>Size of problem:</i> The Review has evidence that this is a problem for businesses that engage with multiple regulators (which make up much of the hospitality sector). <i>Type of potential benefits:</i> Addressing this problem would likely somewhat streamline regulatory compliance processes, reducing start-up and transaction costs for businesses and potentially freeing up regulatory resource.	✓✓ Very feasible The problem is well-defined, and a potential solution (Business Connect) already exists within government. The Review will need to understand the barriers that exist to using this solution and explore other options, but this analysis is achievable in the time available.	✓✓ Very likely to be well-timed There is currently work underway to create momentum for Business Connect, which the Review could complement.	5/6 Yes

¹ Keiran McNulty's Members Bill [Sale and Supply of Alcohol \(Sales on Anzac Day Morning, Good Friday, Easter Sunday, and Christmas Day\) Amendment Bill](#)

Appendix B: Problems and opportunities for the Hospitality Review

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Ministry for
Regulation

		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
1.4	The timeframes for decisions (particularly alcohol licensing, food registration, and building and resource consent decisions) can be long and unpredictable, creating uncertainty and delays for hospitality businesses and events.	✓✓ Very good potential benefits <i>Size of problem:</i> The Review has evidence that delays cause significant problems across all types of hospitality businesses. <i>Type of potential benefits:</i> Addressing this problem would likely reduce start-up and transaction costs for businesses and events and potentially free up regulatory resource.	✓ Feasible The problem is well-defined, and while the underlying causes in each regulatory system may be different and therefore require individual consideration, the analysis required is achievable in the time available and there are a range of levers to effectively address the problem. This problem may also be partially addressed through other work in the Review.	✓✓ Very likely to be well-timed There is some reform work underway in relevant regulatory systems (food, alcohol, building), but these reforms are not focused on addressing decision-making timeframes.	5/6 Yes
1.5	The fees charged for the same compliance / enforcement action can vary substantially depending on who undertakes that compliance / enforcement action, causing uncertainty of cost for businesses and perceived unfairness	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this problem is creating additional and unpredictable costs for businesses, but the scale has not yet been confirmed. <i>Type of potential benefits:</i> Addressing this problem would likely create certainty for businesses.	✓ Feasible The analysis required to understand the size and drivers of the problem is achievable in the time available, although the underlying causes in each regulatory system may be different. This problem may also be addressed through other work in the Review.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	4/6 Yes
1.6	The total amount of fees and levies charged across regulatory systems varies across the country and may be disproportionate to the size and risk posed by small hospitality businesses.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem, especially for small businesses (which make up most of the hospitality sector), but the scale of the problem has not yet been confirmed. <i>Type of potential benefits:</i> Addressing this problem would likely provide some economic relief for businesses, and depending on the options, may create efficiencies for regulators and the Crown.	✓ Feasible The analysis required to understand the size and drivers of the problem is achievable in the time available, there is a range of levers to effectively address the problem, but options will be likely be complex. This problem may also be addressed through other work in the Review.	✓ Likely to be well-timed The Review is best placed to consider the totality of fees and levies charged by the Crown, but there is other work underway within regulatory systems regarding fees and levies that will need to be considered.	3/6 Yes
1.7	Hospitality is not seen as a desirable and valuable career option in New Zealand, meaning the skilled labour pool in New Zealand, particularly for chefs, is too small for hospitality businesses to fill their positions.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that the skilled labour pool in New Zealand is insufficient for the needs of hospitality businesses. <i>Type of potential benefits:</i> Addressing this problem would likely improve the workforce pipeline for the sector, but it is unclear by how much.	✗✗ Not feasible This problem does not relate to specific regulatory requirements or regulatory practice, and has many underlying causes that are not easily analysed nor solved within the timeframe of the Review.	✗ Unlikely to be well-timed Other - better placed - agencies and businesses and representative groups in the hospitality sector are aware and working on the problem.	-2/6 No

Appendix B: Problems and opportunities for the Hospitality Review

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Ministry for
Regulation

Problems and opportunities in the alcohol regulatory system

		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
2	Problems and opportunities in the alcohol regulatory system				
2.1	The licences available and the licensing application and renewals process may impose disproportionately burdensome processes on good and lower-risk operators and cross-subsidise poor operators.	✓✓ Very good potential benefits <i>Size of problem:</i> The Review has evidence that this is significant problem for licenced hospitality businesses, especially cafes, restaurants, and other licenced businesses where alcohol is not the primary source of revenue. <i>Type of potential benefits:</i> Addressing this problem would likely streamline licensing processes, lowering costs and creating certainty for hospitality businesses and freeing up regulatory resource to focus on higher-risk businesses, potentially reducing alcohol harm. There may also be spillover benefits for other types of licenced businesses.	✓✓ Very feasible The analysis required is achievable in the time available, and risk-based regulatory approaches exist to address similar regulatory problems - both here and overseas - that the Review can draw on during analysis.	✓✓ Very likely to be well-timed As agreed by Cabinet [SOU-25-MIN-0103 refers], the Ministry of Justice is working on introducing a risk-based licensing system for special licences. While this work may partially address this problem, there is an opportunity to complement this work to ensure that it addresses all identified issues.	6/6 Yes
2.2	Some District Licensing Committees ² (DLCs) are unable to understand and discharge their responsibilities well, undermining the quality of their licensing decisions and their ability to appropriately reflect local voice in those decisions.	✓✓ Very good potential benefits <i>Size of problem:</i> The Review has evidence that this is a significant problem for all types of licenced hospitality businesses. <i>Type of potential benefits:</i> Addressing this problem would likely improve decision-making about licencing and licence conditions, creating certainty for hospitality businesses, reducing start-up and opportunity costs, and potentially reducing alcohol harm. There may also be spillover benefits for other types of licenced businesses.	✓✓ Very feasible The analysis required is achievable in the time available and there are a range of regulatory and non-regulatory levers available to effectively address the problem.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	6/6 Yes

² The power to issue licences to sell and supply alcohol is devolved by the Sale and Supply of Alcohol Act 2012 to DLCs. Every territorial authority has a DLC that makes licencing decisions for their designated area, and members of DLCs are appointed by territorial authorities.

Appendix B: Problems and opportunities for the Hospitality Review

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Ministry for
Regulation

		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
2.3	DLCs can impose licence conditions on hospitality businesses and events that are disproportionate or ineffective at addressing the risks posed by those businesses, unreasonably restricting business practices, imposing costs, and not effectively managing the risk of alcohol harm.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for all types of licenced businesses and events. <i>Type of potential benefits:</i> Addressing this problem would likely somewhat streamline the day-to-day operation of licenced hospitality businesses and events, potentially reducing costs and focusing operators on practices that are more effective at reducing alcohol harm.	✓✓ Very feasible The analysis required is achievable in the time available and there are a range of regulatory and non-regulatory levers available to effectively address the problem.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	5/6 Yes
2.4	Excise tax increases the cost of on-premise alcohol consumption more than off-premise alcohol consumption, costing hospitality businesses with on-licences disproportionately more, and potentially moving alcohol consumption from on-premise to off-premise.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for licenced hospitality businesses (particularly those with on-licences), but the scale of the cost disparity between on-premise and off-premise alcohol consumption has not yet been confirmed. <i>Type of potential benefits:</i> Addressing this problem would likely reduce inventory costs for these businesses, creating savings which may then be passed on to customers.	✓✓ Very feasible The analysis required to understand the size of the problem, and the benefits, trade-offs, and options is achievable in the time available. Approaches exist to address similar problems overseas that the Review can draw on during analysis.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue, and policy settings for excise tax have not been reviewed recently.	5/6 Yes
2.5	The licensing regime does not readily allow short-term variations in business practices, creating unnecessary costs and administrative work for businesses and events that is not proportional to the risks posed by these short-term variations.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for clubs, hospitality businesses, events, and individual duty managers. <i>Type of potential benefits:</i> Addressing this problem would likely reduce the barriers to and costs of events (both stand-alone events and those run by clubs and hospitality businesses), potentially improving competition and lowering prices for customers.	✓✓ Very feasible The problem is well-defined, and the analysis required to understand the options, benefits, and trade-offs is achievable in the time available.	✓ Likely to be well-timed As agreed by Cabinet [SOU-25-MIN-0103 refers], the Ministry of Justice is working on introducing a risk-based licensing system for special licences. While this work may partially address this problem, there is also an opportunity to complement this work to ensure that it addresses all identified issues.	4/6 Yes

Appendix B: Problems and opportunities for the Hospitality Review

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		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
2.6	Regulators, including territorial authority staff, Police, and Medical Officers of Health, are not sufficiently guided about how to balance their different incentives in the regulatory system.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for hospitality businesses seeking a licence for the first time, and for licenced hospitality businesses seeking a renewal of their licence. <i>Type of potential benefits:</i> Addressing this problem would likely somewhat streamline licensing processes, potentially lowering costs and creating more certainty for hospitality businesses in the licensing process.	✓ Feasible The analysis required is likely to be achievable in the time available – although there are a wide range of potentially complex options to address this problem that need to be considered.	✓ Likely to be well-timed There is currently little other agency work on this issue, but regulators may not have the capacity to meaningfully engage with the Review.	3/6 Yes
2.7	Licensing Trusts ³ that hold monopolies over certain types of licences in their designated geographic area may be an inefficient and under-scrutinised mechanism for selling and supplying alcohol, and reducing alcohol harm.	✗ Unclear potential benefits <i>Size of problem:</i> There are four Licensing Trusts in New Zealand that hold monopolies over certain types of licences in their designated geographic area. While the Review has some evidence that these monopolies are under-performing with regards to revenue generation, and that increased financial scrutiny may be beneficial, the Review does not have sufficient evidence of these problems' real-world impacts. <i>Type of potential benefits:</i> Addressing this problem may somewhat increase revenue (and therefore somewhat increase subsequent charitable distributions), but the Review does not have sufficient evidence that these potential benefits would outweigh the potential costs and drawbacks.	✗✗ Not feasible The analysis required to understand the size and drivers of the problem and develop options is not likely to be achievable in the time available. Additionally, a potential solution to this problem already exists within the regulatory system and has not been exercised in these cases. To effectively address the issue Review would need to understand the barriers that exist to using this solution and explore other options, which is complex.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	-1/6 No
2.8	Under a club licence, whom a club can serve in addition to club members is unclear.	✗ Unclear potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for some clubs who wish to serve their wider communities under a club licence. <i>Type of potential benefits:</i> Addressing this problem may potentially increase the number of business able to serve alcohol to the public in suburban and rural areas (as this is where most clubs are located). The Review does not have sufficient evidence that the potential benefits of this to clubs and communities would outweigh significant potential drawbacks.	✓✓ Very feasible The analysis required to understand the options, benefits, and trade-offs is achievable in the time available.	✗✗ Not well-timed Upcoming reforms, which Cabinet has already agreed, will allow clubs to hold an on-licence (which is currently prohibited), addressing this problem by providing clubs with a pathway to serve their wider communities while balancing risk.	-1/6 No

³ Licensing Trusts are a statutory form of community enterprise that sell and supply alcohol in certain communities. Licensing Trusts can hold a monopoly over on-licences and off-licences in a designated geographic area.

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		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
2.9	The licensing application and renewals process may be susceptible to circumvention by regulators, leading to unfair and untransparent decisions in some cases.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem in some areas of the country for licenced hospitality businesses. <i>Type of potential benefits:</i> Addressing this problem would likely somewhat streamline licensing processes for businesses in affected areas, potentially lowering costs and creating more certainty for hospitality businesses in the licencing process.	✗ Unlikely to be feasible This problem relates to specific regulatory practices in some areas of the country, which will likely have underlying causes that are not easily analysed nor solved within the timeframe of the Review. This problem may be partially addressed through other work in the Review, particularly any work done on problem 2.6.	✗ Unlikely to be well-timed Addressing regulatory practice problems regarding licensing in parallel to re-designing the licensing process is unlikely to be efficient. This problem may also be partially addressed through any work done on problem 2.6.	-1/6 No

Appendix B: Problems and opportunities for the Hospitality Review

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Ministry for
Regulation

Problems and opportunities in the food regulatory system

		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?		
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?
				Recommendation to progress? ✓ grants 1 point ✗ takes away 1 point
3	Problems and opportunities in the food regulatory system			
3.1	It is not clear to regulated parties how the decisions about the frequency of food safety verification are made by regulators, creating uncertainty.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this a problem for hospitality businesses, especially small hospitality businesses, but the scale of the problem has not yet been confirmed. <i>Type of potential benefits:</i> Addressing this problem would likely create certainty for businesses regarding their verification schedules, allowing them to better plan for when verification costs will be incurred.	✓✓ Very feasible The analysis required to understand the size and drivers of the problem is achievable in the time available, and there is a range of regulatory and non-regulatory levers to effectively address the problem.	✗ Unlikely to be well-timed The problem will likely be addressed as part of the Food Act Improvement Plan currently being delivered by the Ministry of Primary Industries. As the Food Act Improvement Plan is implemented in parallel with the Review, we will gain a better understanding of what aspects of this problem may need to be addressed by the Review.
3.2	The risk thresholds and regulatory approaches for different types of food businesses may be disproportionate for the risk posed by many of these businesses.	✓ Good potential benefits <i>Size of problem:</i> The Review has evidence that this is a problem for all types of hospitality businesses and reduces the efficiency of regulators. <i>Type of potential benefits:</i> Addressing this problem would likely reduce compliance processes for businesses, lowering costs and creating certainty for hospitality businesses and free up regulatory resource.	✓✓ Very feasible The problem is well-defined, and the analysis required to understand the benefits, trade-offs, and options is achievable in the time available.	✗ Unlikely to be well-timed The problem will likely be addressed as part of the Food Act Improvement Plan currently being delivered by MPI. As the Food Act Improvement Plan is implemented in parallel with the Review, we will gain a better understanding of what aspects of this problem may need to be addressed by the Review.
3.3	The templated Food Control Plans are too complex and time consuming to use, and are not accessible to many business owners.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this a problem for all types of hospitality businesses, and creates an information asymmetry between government and businesses. <i>Type of potential benefits:</i> Addressing this problem would likely streamline regulatory compliance for businesses, lowering costs and freeing up regulatory resource.	✓✓ Very feasible The problem is well-defined, and the analysis required to understand the options, benefits, and trade-offs, is achievable in the time available.	✗ Unlikely to be well-timed The problem will likely be addressed as part of the Food Act Improvement Plan currently being delivered by MPI. As the Food Act Improvement Plan is implemented in parallel with the Review, we will gain a better understanding of what aspects of this problem may need to be addressed by the Review.

Appendix B: Problems and opportunities for the Hospitality Review

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		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
3.4	Changes to Food Control Plans are difficult to make, stifling menu innovation.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem, especially for those hospitality businesses that offer seasonal menus or seek to innovate with ingredients or cooking methods. <i>Type of potential benefits:</i> Addressing this problem would likely streamline regulatory compliance for these types of businesses, lowering costs and freeing up regulatory resource.	✓✓ Very feasible The problem is well-defined, and the analysis required to understand the options, benefits, and trade-offs, is achievable in the time available, there are a range of regulatory and non-regulatory levers available to effectively address the problem.	✗ Unlikely to be well-timed The problem will likely be addressed as part of the Food Act Improvement Plan currently being delivered by MPI. As the Food Act Improvement Plan is implemented in parallel with the Review, we will gain a better understanding of what aspects of this problem may need to be addressed by the Review.	2/6 No
3.5	The requirement to keep records about fridge, freezer, and delivery temperatures is costly, especially on days and times where the business is closed.	✓ Good potential benefits <i>Size of problem:</i> The Review has evidence that this a problem, especially for small hospitality businesses that have not invested in digital platforms to manage compliance. <i>Type of potential benefits:</i> Addressing this problem would likely reduce paperwork requirements, saving time and reducing costs for hospitality businesses.	✓✓ Very feasible The problem is well-defined, and the analysis required to understand the options, benefits, and trade-offs, is achievable in the time available, there are a range of regulatory and non-regulatory levers available to effectively address the problem.	✗ Unlikely to be well-timed The problem will likely be addressed as part of the Food Act Improvement Plan currently being delivered by MPI. As the Food Act Improvement Plan is implemented in parallel with the Review, we will gain a better understanding of what aspects of this problem may need to be addressed by the Review.	2/6 No
3.6	Food levies are disproportionate to the size of business (i.e., not scaled by business size).	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem, especially for small hospitality businesses or those that have multiple small locations because the levy is not scaled to the size of business and applies to every location. <i>Type of potential benefits:</i> Addressing this problem would likely reduce costs for small hospitality businesses.	✓✓ Very feasible The problem is well-defined, and the analysis required to understand the options, benefits, and trade-offs, is achievable in the time available.	✗✗ Not well-timed The Food Levy was recently introduced in July 2025, and a deliberate choice was made to prioritise ease of administration over scaled levies. Additionally, this problem will likely be addressed as part of the Food Act Improvement Plan currently being delivered by MPI.	1/6 No

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SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?				
	What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
3.7	Consumers receive inconsistent information about the quality of food safety practices at hospitality businesses due to inconsistent food grading requirements across the country. ✗ Unclear potential benefits <i>Size of problem:</i> The Review has evidence that there are different food safety grading regimes across the country. The Review does not have sufficient evidence that this creates enough of an information asymmetry to create significant problems for businesses or customers. <i>Type of potential benefits:</i> Addressing this problem may improve the information available to customers about food safety practices, but the Review does not have enough evidence to suggest that this will meaningfully impact customers' choices or benefit hospitality businesses.	✓✓ Very feasible The problem is well-defined and there are clear regulatory powers available in the Food Act 2014 to address this.	✗ Unlikely to be well-timed The problem will likely be addressed as part of the Food Act Improvement Plan currently being delivered by MPI. As the Food Act Improvement Plan is implemented in parallel with the Review, we will gain a better understanding of what aspects of this problem may need to be addressed by the Review.	0/6 No

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Ministry for
Regulation

Problems and opportunities in the immigration regulatory system

		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			Recommendation to progress? ✓ grants 1 point × takes away 1 point
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	
4	Problems and opportunities in the immigration regulatory system				
4.1	The Accredited Employer Work Visa process is costly, onerous, and may not be fit for purpose for modern business operations.	✗ Unclear potential benefits <i>Size of problem:</i> The Review has evidence that the accredited employer work visa process imposes requirements and time investment from businesses wishing to hire migrants. The Review does not have sufficient evidence that these requirements are disproportionate to the risk of migrant exploitation in the hospitality sector, nor does the Review have sufficient evidence that other pathways to employing skilled labour are unavailable. <i>Type of potential benefits:</i> Addressing this problem by streamlining or otherwise changing the accredited employer work visa would likely somewhat streamline processes, potentially lowering costs and creating more certainty for hospitality businesses and migrants. However, the Review does not have sufficient evidence that these benefits would outweigh the drawbacks to New Zealand workers, migrants, and the Crown.	✗✗ Not feasible Addressing this problem would have significant implications wider than the hospitality sector, and so the analysis required to understand the options, benefits, and trade-offs is not achievable in the time available.	✗✗ Not well-timed Immigration settings are reviewed regularly to ensure that they are achieving the desired balance between labour availability and broader costs to the Crown. The most recent review MBIE has undertaken of the AEWV concluded in December 2024, with changes phased throughout 2025.	-5/6 No

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Problems and opportunities in the building and resource management regulatory systems

		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point ✗ takes away 1 point
5	Problems and opportunities in the building and resource management regulatory systems				
5.1	The threshold for requiring resource and / or building consent for routine or lower-risk / lower-impact activities (e.g., dining outside, marquees, advertising signs, noise levels) does not appear proportionate, disincentivising innovation.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for all types of hospitality businesses, especially small businesses and events where the cost of resource / building consent would not be absorbable. <i>Type of potential benefits:</i> Addressing this problem would likely reduce the barriers to and costs of innovation and events, potentially improving competition, increasing the diversity of service offerings, and lowering prices for customers.	✓✓ Very feasible The problem is well-defined, and the analysis required to understand the options, benefits, and trade-offs is achievable in the time available.	✓ Likely to be well-timed The thresholds for activities that require resource consent may be recalibrated as part of the ongoing resource management reforms. As these reforms progress, we will assess whether this needs to be addressed as part of the Review. There is some reform work underway in the building system, but these reforms are not focused on exemptions to building consent.	4/6 Yes
5.2	Delays in territorial authorities' issuing building consents / codes of compliance result in costs for businesses in some areas.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for hospitality businesses entering the market, especially small businesses. <i>Type of potential benefits:</i> Addressing this problem would likely reduce barriers to market entry and start-up costs for businesses, potentially improving competition and market dynamism.	✗ Unlikely to be feasible Addressing this problem would have implications wider than the hospitality sector, and so the analysis required to understand the options, benefits, and trade-offs is not likely to be achievable in the time available.	✓ Likely to be well-timed There is some reform work underway in the building system, but these reforms are not specifically focused on addressing delays and costs to building consent and codes of compliance.	1/6 No
5.3	Business owners find the requirements for Building Warrants of Fitness are costly, complicated, and can temporarily close hospitality businesses	✓ Good potential benefits <i>Size of problem:</i> The Review has evidence that this is a problem for hospitality businesses that lease or premises in larger buildings, but the scale and actual costs of the problem has not yet been confirmed. <i>Type of potential benefits:</i> Addressing this problem would likely reduce costs for hospitality businesses and / or landlords of hospitality businesses.	✗ Unlikely to be feasible Addressing this problem would have implications wider than the hospitality sector, and so the analysis required to understand the options, benefits, and trade-offs is not likely to be achievable in the time available.	✗ Unlikely to be well-timed There is likely to be work underway in early – mid 2026 on improving Building Warrants of Fitness.	-1/6 No

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Problems and opportunities in other regulatory systems

		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
6	Problems and opportunities in other regulatory systems				
6.1	<i>Security guards:</i> The requirement to display identification and a Certificate of Authority when providing private security creates safety concerns for security guards.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for security guards who work at bars in certain parts of the country, but the scale of the problem has not yet been confirmed. <i>Type of potential benefits:</i> Addressing this problem would increase the safety of security guards.	✓✓ Very feasible The analysis required to understand the size of the problem is achievable in the time available. Upon preliminary analysis, this appears to be a regulatory practice issue, meaning there is a range of non-regulatory levers available to effectively address the problem.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	5/6 Yes
6.2	<i>Transport:</i> Clubs and other community organisations may be disincentivised from offering courtesy transport services for their members due to the requirement for drivers to have p-endorsements.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for clubs and other community organisations, especially in rural areas. <i>Type of potential benefits:</i> Addressing this problem would likely increase the number of courtesy transport services being offered, potentially reducing road and alcohol harm.	✓ Feasible The problem is well-defined, and upon preliminary analysis, this appears to be a regulatory practice issue. Although addressing this problem may have implications wider than the hospitality sector, the analysis required to understand the options, benefits, and trade-offs to making changes is likely achievable in the time available.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	4/6 Yes
6.3	<i>Regulatory stewardship:</i> There are some pieces of legislation that may be superseded, out of date, or unenforced (e.g., the Innkeepers Act of 1962).	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this contributes to information asymmetries between government and regulated parties. <i>Type of potential benefits:</i> Addressing this problem would improve likely improve legislative cohesion and contribute to clarifying requirements and rights for regulated parties.	✓ Feasible The analysis required to understand the legislative overlaps and areas where updates may be needed is likely to be achievable in the time available. This problem may also be partially addressed through other work in the Review (specifically any work on problem 1.2).	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	4/6 Yes
6.4	<i>Health and Safety:</i> The storage requirements of Liquid Petroleum Gas (LPG) may not be flexible enough to meet the needs of small businesses.	✓ Good potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for small hospitality businesses, but the scale of the problem has not been confirmed. <i>Type of potential benefits:</i> Addressing this problem by streamlining requirements while balancing the risks of LPG storage would likely save time and somewhat reduce costs for hospitality businesses.	✓ Feasible The analysis required to understand the size of the problem is achievable in the time available. Upon preliminary analysis, this appears to be a regulatory practice issue, meaning there is a range of non-regulatory levers available to effectively address the problem.	✓ Likely to be well-timed There is some reform work underway in the health and safety system, but these reforms are unlikely to address this problem.	3/6 Yes

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		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
6.5	<i>Tourism:</i> The Qualmark accreditation ⁴ accommodation providers is duplicative of other internationally recognised accreditations and required to access government support through Tourism NZ, which imposes additional costs to businesses	✗ Unclear potential benefits <i>Size of problem:</i> The Review has some evidence that this is a problem for hotels and other accommodation and tourism providers. However, the scheme is voluntary, and the Review does not have sufficient evidence of scale and actual costs of the problem. <i>Type of potential benefits:</i> Addressing this problem by removing duplication between the Qualmark accreditation and regulatory requirements would likely somewhat reduce paperwork requirements for hotels and other accommodation providers, saving some time and costs.	✓ Feasible The analysis required to understand the size and drivers of the problem and options, benefits, and trade-offs to making changes is likely achievable in the time available, although this may be complicated by the need to understand international accreditation regimes.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	2/6 No
6.6	<i>Consumer protection:</i> Removing the ability to pass on card fees and surcharges imposes costs on businesses and reduces price elasticity.	✓ Good potential benefits <i>Size of problem:</i> The Review has evidence that this is a problem for all types of hospitality businesses, especially small businesses. <i>Type of potential benefits:</i> Addressing this problem would move potential costs from businesses to customers, reducing negative externalities experienced by businesses when customers choose to use contactless or credit cards.	✓ Feasible The problem is well-defined, and although addressing this problem may have implications wider than the hospitality sector, the analysis required to understand the options, benefits, and trade-offs to making changes is likely achievable in the time available.	✗✗ Not well-timed The policy to ban merchant surcharges for retail payments was a recent, deliberate policy decision to move potential surcharge costs from customers to businesses.	0/6 No
6.7	<i>Copyright:</i> Music licencing costs are disproportionately expensive for the benefit received.	✗✗ Poor potential benefits <i>Size of problem:</i> The Review does not have sufficient evidence that this is a problem for hospitality businesses. <i>Type of potential benefits:</i> The Review does not have sufficient evidence that addressing this problem would reduce costs for hospitality businesses.	✗✗ Not feasible Addressing this problem would have implications wider than the hospitality sector, and there are limited regulatory and non-regulatory levers to available to address the problem without considering the intellectual property regime in New Zealand more broadly, which is not achievable in the time available.	✓✓ Very likely to be well-timed There is currently little other agency work on this issue.	-2/6 No

⁴ The Qualmark accreditation is joint venture between Tourism New Zealand and the Automobile Association which provides quality assurance for accommodation, tourism experiences, transport, and activities.

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		SHOULD WE ADDRESS THIS THROUGH THE HOSPITALITY REVIEW?			
		What are the potential economic and other benefits of addressing the problem / opportunity?	Is addressing the problem / opportunity feasible in the timeframe of the review?	Is now a good time to address this problem / opportunity?	Recommendation to progress? ✓ grants 1 point × takes away 1 point
6.8	Employment: Sick leave, annual leave, break, and ACC entitlements are complex and burdensome on hospitality businesses.	✗ Unclear potential benefits <i>Size of problem:</i> The Review does not have sufficient evidence about the impact of this problem on hospitality businesses, nor that it disproportionately affects hospitality businesses over any other types of businesses in New Zealand. <i>Type of potential benefits:</i> The Review does not have sufficient evidence that addressing this problem would reduce costs for hospitality businesses.	✗✗ Not feasible Addressing this problem would have significant implications wider than the hospitality sector, and so the analysis required to understand the options, benefits, and trade-offs is not achievable in the time available.	✗✗ Not well-timed There is work underway to reform and update the Holidays Act.	-5/6 No



Hospitality Review - Economic analyses of whether government should intervene in alcohol and shop trading

Date	19 February 2026	Priority	Low
Security classification	classification	Tracking number	MFR2026-016
Attachments	Appendix A: Summary A3 - Intervention logic for the current government interventions in alcohol Appendix B: An economic analysis of whether government should intervene in the sale, supply, and consumption of alcohol in New Zealand Appendix C: An economic analysis of whether government should restrict which hospitality businesses can open and how they can operate on Anzac Day until 1pm, Christmas Day, Easter Sunday, and Good Friday in New Zealand		

Action sought

Required from	Action	Deadline
Hon David Seymour Minister for Regulation	Discuss the analyses with Ministry officials Forward the briefing to the: - Minister for Tourism and Hospitality (Hon Louise Upston) - Associate Minister of Justice (Hon Nicole McKee) - Minister for Workplace Relations and Safety (Hon Brooke van Velden)	25 February 2026

Contact for discussion if required

Name	Position	Phone number	1 st contact
Hannah McGlue	Manager, Regulatory Reviews	s 9(2)(a)	☐
Nicola Blackburn	Review Lead, Hospitality Review	s 9(2)(a)	☒

Minister's office to complete

- | | |
|---|--|
| ☐ Approved | ☐ Declined |
| ☐ Noted | ☐ Needs change |
| ☐ Seen | ☐ Overtaken by events |
| ☐ See Minister's notes | ☐ Withdrawn |

Comments



Hospitality Review - Economic analyses of whether government should intervene in alcohol and shop trading

Date	19 February 2026	Priority	Low
Security classification	classification	Tracking number	MFR2026-016

Purpose

The purpose of this briefing is to provide you with two pieces of first-principles analysis that will underpin the Hospitality Review's public consultation on potential options for change. These analyses examine whether government should intervene in:

- the sale, supply, and consumption of alcohol
- when hospitality businesses can open and how they can operate on Anzac Day until 1pm, Christmas Day, Easter Sunday, and Good Friday (henceforth referred to as shop trading).

Recommended Action

The Ministry for Regulation recommends you:

- | | | |
|---|---|--------------|
| a | note , pending decisions from the Minister for Tourism and Hospitality (Hon Louise Upston) on key issues to be taken forward in the Hospitality Review (MFR2025-310 refers), the Ministry for Regulation intends to publicly consult on options for change to alcohol regulation and regulation that places restrictions on shop trading on Good Friday, Easter Sunday, Christmas Day, and Anzac Day morning | <i>Noted</i> |
| b | note , pending decisions from the Minister for Tourism and Hospitality, we will provide you both, as joint Ministers for the Hospitality Review, with a draft public consultation document in your weekend bag of 27 February 2026, to take to Cabinet in March | <i>Noted</i> |
| c | note the attached economic analysis of whether government should intervene in the sale, supply, and consumption of alcohol in New Zealand, attached at Appendix A, and the related intervention logic for the current government interventions in alcohol, attached at Appendix B | <i>Noted</i> |
| d | note the attached economic analysis of whether government should restrict which hospitality businesses can open and how they can operate on Anzac Day until 1pm, Christmas day, Easter Sunday, and Good Friday attached at Appendix C | <i>Noted</i> |



e **discuss** the attached economic analyses with Ministry officials at the agency meeting on 24 February 2026 *Agree / Disagree*

f **forward** a copy of this briefing to: *Forwarded / Not forwarded*

- Minister for Tourism and Hospitality (Hon Louise Upston, jointly responsible for the Hospitality Review)
- Associate Minister of Justice (Hon Nicole McKee, responsible for alcohol regulation)
- Minister for Workplace Relations and Safety (Hon Brooke van Velden, responsible for shop trading regulation)

Proactive release

g **agree** this briefing be released after the final report of the Hospitality Review has been presented to Cabinet. *Agree / Disagree*

s 9(2)(a)

Hannah McGlue
Manager, Regulatory Reviews
Ministry for Regulation
Date: 18 February 2026

Hon David Seymour
Minister for Regulation
Date:



Three stages of the Hospitality Review are nearly complete

1. We have completed Stages 1 and 2¹ of the Hospitality Review (the Review). For Stage 3 (agree on key issues), we have received your decisions on key issues to take forward in the Review. Minister's Upston's decisions will complete this stage.

Thus far, the Review has completed first-principles economic analyses of whether government should intervene in alcohol and shop trading

2. As part of the Ministry's approach to Reviews, we are completing first-principles analyses of all issues we are taking forward in the Review. Where relevant, this includes considering whether there are reasons for government to intervene in these areas using a market failure framework.² This first-principles approach allows us to consider the potential reasons for government intervention independently from the current state, and any potential government failures that may be impacting the current state.
3. Our analysis consists of the following steps:
 - a. identifying the theoretical risks and market failures that would exist if the government did not intervene, and
 - b. estimating the severity of these risks and market failures and concluding whether government intervention (regulatory or non-regulatory) is justified.
4. At this point in the Review, we are presenting you with our analysis of whether government should intervene in:
 - the sale, supply, and consumption of alcohol. A summary A3 that links the risks and market failures that occur when alcohol is sold, supplied, or consumed to how the government currently intervenes is attached at **Appendix A**. The full economic analysis of this issue is attached for your information at **Appendix B**.
 - shop trading regulation (i.e., the regulations that prevent certain hospitality businesses from opening on Good Friday, Easter Sunday, Christmas Day, and Anzac Day morning). The economic analysis of this issue attached at **Appendix C**.
5. We have prioritised these issues because we intend to publicly consult on options for change in these areas (discussed further below). The other first-principles analyses of key issues taken forward by the Review will be attached to the final report.

¹ Stage 1: Agree the Terms of Reference, Stage 2: Initial sector engagement and analysis.

² A market failure framework is not relevant to some of the key issues currently being taken forward by the Review, such as fees and levies, or decision-making timeframes.



Our view is that there is clear rationale for government intervention in the sale, supply, and consumption of alcohol, but the interventions are not effective or efficient

6. We have identified the risks and market failures that we think would occur if the government did not intervene in alcohol; there are risks to people's health, an increased risk of crime, negative externalities (fiscal and social costs borne by the Crown, by people who do not drink alcohol, and by the broader economy), information failures, and preference-related problems. We have considered the severity of these risks and market failures, whether they can effectively be addressed by private interventions and individual responsibility, and whether government intervention would make them worse. On balance, we think there is clear rationale for government intervention.
7. Consuming any amount of alcohol directly increases the risks to the health of individuals that consume alcohol, particularly the risk of cancer, stroke, high blood pressure, mental health conditions, injury, and death.³ Consuming alcohol, particularly in excess, also increases risks:
 - to the health of people around individuals who consume alcohol, particularly foetal alcohol spectrum disorder, mental health conditions, injury, and death
 - of crime, particularly disorderly and antisocial conduct, violence, family violence, and retail crime.
8. If these risks eventuate, the direct and downstream consequences (e.g., health and addiction treatment, loss of employment and financial insecurity, long-term disability, road crashes, incarceration, lost productivity) carry fiscal and social costs that are not borne solely by the parties who receive the benefits of the sale, supply, and consumption of alcohol. These negative externalities cause increased healthcare and justice costs for the Crown, increased negative effects and social costs on people who do not consume alcohol, and costs to the broader economy.
9. In addition to these negative externalities, information failures (where parties in the market do not have the right information to make rational decisions) and preference-related problems and behavioural biases (where parties act irrationally, such as overvaluing the present relative to the future) are market failures that would be present if the government did not intervene in alcohol.

³ Zhong, L., Chen, W., Wang, T., Zeng, Q., Lai, L., Lai, J., Lin, J. and Tang, S., 2022. Alcohol and Health Outcomes: An Umbrella Review of Meta-Analyses Base on Prospective Cohort Studies. *Frontiers in Public Health*, 10, p.859-947.



10. Whether government intervention is required to address these risks and market failures hinges on their severity, whether private interventions and individual responsibility can sufficiently mitigate them, and whether government intervention would make the problem worse (i.e., government failure):
 - *The consequences are severe:* We estimate the fiscal and social costs of these risks and market failures would be more than \$10 billion per year.⁴
 - *There is clear evidence to suggest that private interventions and individual responsibility will not be able to mitigate the risks and market failures:* it is our view that the nature of the market failures and incentives in the market (particularly the strong incentives for sellers to maximise profit over total societal welfare combined with the significant negative consequences when things go wrong) mean that private solutions or individual responsibility is unlikely to sufficiently nor efficiently mitigate these risks and market failures.
 - *The likelihood of government failure is low:* it is our view that it is unlikely that government intervention would make these risks or market failures worse. Both in New Zealand and internationally, there is a range of regulatory and non-regulatory interventions that have been shown to effectively reduce or mitigate the risks and market failures; taxation to internalise negative externalities, public education campaigns to reduce information failures, and restrictions on supply (i.e., licensing sellers, minimum purchase age) to reduce the health and safety risks. While the mix of approaches may differ by country, the packages of interventions are broadly similar.
11. Given these conclusions, we think that government intervention in alcohol is warranted. The cost of not intervening is high enough that significant costs can be levied on sellers and consumers before the costs of intervening outweigh the benefits.
12. How the government currently intervenes in alcohol in New Zealand is clearly linked to these risks and market failures, but there are areas where interventions could be more effective or efficient (see **Appendix A**). Therefore, the Review's options for change will seek to achieve a more efficient and effective mix of interventions, rather than changing their nature.

⁴ "Costs of alcohol harms in New Zealand", NZIER Report to the Manatū Hauora | Ministry of Health, March 2024, with additional analysis detailed in **Appendix A**.



Our view is that there is no longer a clear rationale for government intervention in whether hospitality businesses can open and fully operate on Anzac Day until 1pm, Christmas Day, Easter Sunday, and Good Friday

13. The government restricts trading on certain culturally and nationally significant days in New Zealand through the Shop Trading Hours Act 1990 – this requires shops to close on Anzac Day until 1pm, Christmas Day, Easter Sunday, and Good Friday. There are some exemptions for specific types of shops and tourist areas.
14. Most hospitality businesses (e.g., cafés and restaurants) are allowed to open on these days. However, bars, pubs, and some clubs without a restaurant or café are not allowed to open as their primary business is to sell alcohol, not food.
15. Restrictions are also placed on the sale of alcohol by hospitality businesses on those days under the Sale and Supply of Alcohol Act 2012. Alcohol is only allowed to be served to people who are dining (which has been interpreted by regulators as alcohol can only be served for one hour on either side of a meal).⁵
16. The Review has concluded that if all shops could open on restricted trading days and hospitality businesses could sell alcohol as per their usual licence conditions, it is unlikely there would be any additional market failures or risks on top of those that already exist on other public holidays. We have concluded this because:
 - three-and-a-half additional days is a small amount of time compared to the total number of days that shops are open during the year (i.e., risks and market failures will not materially increase due to the small timeframe)
 - there are few workers that would be affected by the removal of restricted trading days and when looking at only the hospitality sector
 - we do not anticipate that having three-and-a-half additional days with more direct access to alcohol would significantly increase negative externalities from alcohol
 - employee / worker / employer power dynamics are unlikely to be impacted by removing restricted trading days.
17. The risks associated with removing restrictions on trading are primarily implementation risks that arise if the status quo is changed – i.e., some workers who are accustomed to having three-and-a-half days off could oppose the changes with an impact on relationships between employees and employers. This is particularly the case for workers who are Christian or place significance on Anzac Day. Our final advice on the level of this risk will be informed by public consultation.

⁵ There is currently a Member's Bill that would remove these additional restrictions on how alcohol is served. However, the Member's Bill makes no changes to which businesses can open, meaning that if it passes into law bars and pubs would still not be able to open under the Shop Trading Hours Act 1990.



18. The Review considers that the rationale for government restricting trading is not risks or market failures, but grounded in religion and previous government's decisions to mark a day of national significance and sacrifice:
 - when trading restrictions were brought in, the majority of people who lived in New Zealand were Christian and therefore regulation was made which reflected their preferences (i.e., time to attend church on Sundays and religious days and abstinence from alcohol consumption and shopping)
 - recognition of Anzac Day is tied to New Zealand's national identity and the importance society places on remembering the sacrifices individuals and the country have made during conflict, with current trading provisions adding an additional layer of restriction.
19. As the religious demographics of New Zealand have changed over time, so have restrictions on shop trading, with current regulation being less restrictive than the previous versions. Public opinion about maintaining restricted trading is unknown, although based on changed demographics, we could assume greater public support for changes than previously.

The Review intends to publicly consult on options for change to alcohol regulation and shop trading restrictions

20. You agreed to extend the Review by two months to undertake public consultation on options for reform before the final report is considered by Cabinet (MFR2025-310 refers).
21. As signalled above, we intend to publicly consult on options for change in two areas:
 - regulation of supervised drinking (noting the scope of the Review excludes off-licences)
 - shop trading regulation (noting the scope of the Review excludes general retail businesses).
22. We intend to publicly consult on these areas because, of the issues taken forward by the Review (MFR2025-310 refers), these are the two that the public will be most interested in if any changes are made. The consultation will likely surface a wide range of views on these issues, which will inform our analysis and final advice, and will start the building of broader consensus on any intended changes. We are completing targeted stakeholder engagement for the other issues taken forward by the Review.
23. The public consultation document will present all options being considered in these areas and ask the public their preferred options and their reasoning. The target audience for this consultation are customers of hospitality businesses, hospitality businesses, and other interested members of the public – the Review will also be conducting direct engagement on these options with other stakeholders and peak bodies. We are happy to discuss the types of options we are considering with you prior to presenting you with the draft public consultation document.



Next steps

24. Pending Minister Upston's decisions, we will provide you both with a draft public consultation document in your weekend bag of 27 February 2026, to take to Cabinet in late March. If we can maintain our planned timeline, public consultation would start on 1 April 2026 and run for four weeks.
25. We recommend you forward this briefing to the:
 - Minister for Tourism and Hospitality (Hon Louise Upston)
 - Associate Minister of Justice (Hon Nicole McKee)
 - Minister for Workplace Relations and Safety (Hon Brooke van Velden).
26. This will inform Ministers of the Review's intention to publicly consult on options for change within their portfolios, noting that we are consulting on options for change in our capacity as a reviewing agency (not the policy responsible agency) and not on proposals for change.

Proactive release

27. With your agreement, we will proactively release this paper at the appropriate time in accordance with Official Information Act 1982 and Privacy Act 2020 requirements, to support transparency and public trust in decision-making processes.
28. We intend to delay the proactive release of this paper until after the Review's final report has been presented to Cabinet, so as not to prejudice any future advice we may provide on these issues, or pre-empt the outcome of public consultation.



Appendix A: Summary A3 -Intervention logic for the current government interventions in alcohol

Intervention logic for the current government interventions in alcohol

This A3 provides a high-level intervention logic between the theoretical risks and market failures that occur when alcohol is sold, supplied, or consumed, and how the New Zealand government currently intervenes to mitigate these risks and market failures. It shows that the interventions are well-matched to the market failures, but there are areas where these government interventions are not effective. The areas that are in the scope of the Ministry's Hospitality Review (e.g., regulatory interventions, or issues caused by regulatory interventions) will inform the Hospitality Review's options for change moving forward.

KEY

Direct risk / cost

Direct benefit

Market failure

Government intervention

Where government intervention is not effective

Issues potentially in scope of the Hospitality Review



Ministry for Regulation
Te Manatū Waeture

1. ALCOHOL IS SOLD, SUPPLIED, AND CONSUMED

Market failures - information failures and preference-related problems

People may decide to consume more alcohol than is rational* because they are not fully informed of the risks of drinking alcohol, alcohol is an addictive substance, or they over-value present enjoyment over future risks.

Government interventions to address these market failures

Funding public education campaigns to inform individuals of the risks of drinking alcohol to mitigate these information failures.

Funding addiction treatments to mitigate behavioural biases.

Setting requirements on who can sell alcohol through the licensing and duty manager regime to reduce supply and help people make rational* decisions.

Where this government intervention is not effective

The licensing regime is disproportionate, does not effectively manage risk, does not sufficiently incentivise sellers to consider broader societal welfare when selling alcohol, and creates competing incentives between licence holders and duty managers.

2. DIRECT CONSEQUENCES

Direct risks and costs to individuals who drink

Direct risks to the health of individuals who drink alcohol - particularly the increased risk of cancer, stroke, high blood pressure, mental health conditions, and injury and death.

Government interventions to address these risks and negative externality

The government provides health and addiction treatment to address these risks and reduce downstream consequences.

Direct costs to the individuals who drink alcohol if the risks eventuate - illness, loss of employment, financial insecurity, poor mental health, injury, and death.

Where this government intervention is not effective

Some people - especially those who experience the highest risks and costs from alcohol consumption - are unable to access health and addiction treatments, or government delivers. Those treatments in a way are not effective for them.

Negative externality - social and fiscal costs to others

Direct risk of crime - particularly family violence, violence, sexual violence, disorderly and anti-social conduct, and retail crime.

Government interventions to address this negative externality

Funding public education campaigns to inform individuals of the consequences of alcohol-related crime (e.g., drink driving).

Policing to reduce consumption and mitigate the risk of crime.

Direct benefit to individuals who drink

Individual psychological and social benefits - particularly enjoyment, reduced anxiety (in the short term), and a feeling of belonging in social situations.

Direct benefits to sellers

Profit

Direct costs to sellers

None

Government interventions to impose costs on sellers

The government licensing fees, infringement fees, and fines to internalise some of the externality costs and recoup some of the Crown's costs (e.g., the costs of enforcement).

Where this government intervention is not effective

However, the fiscal costs imposed are not proportionate to profit nor risk, meaning good sellers / operators cross-subsidise poor sellers / operators.

Additionally, these costs are not imposed on most manufacturers (as the costs of excise tax and the alcohol levy are passed through to consumers), meaning they do not bear the costs of alcohol consumption.

3. DOWNSTREAM CONSEQUENCES

Market failure - negative externality - social and fiscal costs to others

Risks to the health of other individuals who do not drink alcohol - particularly foetal alcohol spectrum disorder (FASD), trauma, mental health conditions, injury, and death.

Market failure - negative externality - fiscal costs to the Crown

Increased healthcare and justice costs imposed on the Crown - due to increased incidents and severity of illnesses and injuries, and increased crime and subsequent incarceration.

Market failure - negative externality - costs to the broader economy

Costs to the economy of lost productivity - particularly due to people not working when they are expected to or people not working to their full capacity.

Government interventions to address these negative externalities

The government imposes an excise tax on alcohol, and the alcohol levy raise prices - reducing demand, internalising some externality costs, and recouping some of the Crown's costs.

Where this government intervention is not effective

The Review's current position is that the excise tax on alcohol and the alcohol levy do not fully cover the costs to the Crown.

*in this context, a rational decision is one that maximises the individual's wellbeing in the short and long term. (Gary Becker (1962), "Irrational Behavior and Economic Theory")



Appendix B: An economic analysis of whether government should intervene in the sale, supply, and consumption of alcohol in New Zealand



Appendix B

An economic analysis of whether government should intervene in the sale, supply, and consumption of alcohol in New Zealand

Purpose

1. This paper sets out a first-principles economic analysis of the rationale for government intervention in the sale, supply, and consumption of alcohol in New Zealand.¹
2. It assumes that, in general, a free market is an efficient mechanism for directing limited resources towards their most productive use. Governments may choose to intervene in the market when resources are allocated inefficiently or unproductively. We acknowledge that this is one way of approaching policymaking, and there are other reasons² governments may choose to intervene in any given area.
3. Our analysis consists of the following steps:
 - a. identifying the theoretical risks and market failures that would exist if the government did not intervene
 - b. discussing the nature and severity of these risks and market failures, the likelihood of government failure, and therefore concluding whether government intervention is justified
 - c. at a high level, we assess the government's current interventions regarding alcohol against these conclusions to understand what changes are needed to the status quo (see Annex B).

Scope and Background

The relevant market for alcohol

4. This paper is primarily concerned with the market where alcohol is exchanged between a seller and the end-consumer, as this is the largest market and where most of the risks and relevant market failures occur. This seller may be the original manufacturer of the alcohol (e.g., a brewery or distillery), or may be a third-party seller (e.g., a restaurant or bar).³
5. Other markets for alcohol include the market between manufacturers and third-party sellers, or between third-party sellers (e.g., a wine importer selling to a restaurant).

¹ Henceforth referred to as “government intervention in alcohol” for brevity. Relevant definitions of terms used in this paper are available in Annex A.

² Such as to enforce rights, to achieve fairer distribution of resources or services, or to achieve particular social outcomes.

³ While the consumption of alcohol “off premise” (e.g., alcohol sold by off-licences / bottle shops) is generally out of scope of the Hospitality Review, we make no distinctions in this paper between the interventions in “on-premise” drinking and “off-premise” drinking as these are intertwined and not easily assessed separately.



A brief overview of how the government in New Zealand currently intervenes in alcohol

6. To provide context for the upcoming sections, the government currently intervenes in alcohol in New Zealand in three main ways:
- *Controlling the supply of alcohol:* this is done primarily by:
 - i. requiring a seller to hold licence to sell alcohol
 - ii. having prospective sellers demonstrate competence and meet certain requirements before they can hold a licence
 - iii. requiring licensees to sell alcohol responsibly while they hold a licence
 - iv. restricting sellers from selling alcohol to people under the age of 18.⁴
 - *Reducing the demand for alcohol:* this is done primarily by:
 - i. excise taxes that increase the price of alcohol, intending to drive down demand
 - ii. restricting advertising and promotional activity of alcohol
 - iii. public education about the risks of alcohol consumption.
 - *Mitigating the negative consequences of alcohol consumption:* this is done primarily by:
 - i. providing health and mental health treatment for illnesses caused, partially caused, or exacerbated by alcohol consumption
 - ii. enforcement of requirements (i.e., enforcement of licence requirements)
 - iii. restricting driving while under the influence of alcohol
 - iv. “nudge” type interventions such as product labelling and maximum serving sizes per drink.

⁴ The consumption of alcohol is not restricted in New Zealand. It is an offence to *sell* to a person under the age of 18 and it is an offence to *purchase* alcohol under the age of 18, but it is not an offence to *consume* alcohol under the age of 18.



What risks and market failures would exist if the government did not intervene in alcohol?

7. This section describes the theoretical scenario where the government does not intervene in alcohol and identifies the risks and market failures that would exist in that scenario. The size and potential severity of these risks and market failures are discussed in the next section.

What we mean when we say the government “does not intervene” in alcohol

8. In this scenario, the end-consumer could freely purchase alcohol from any seller for prices that are determined by relative supply and demand. In detail, this means:
- there would be no requirements for sellers to demonstrate competence or responsibility
 - any person of any age could purchase and consume alcohol
 - a seller could advertise alcohol in any way⁵
 - people could drive under the influence of alcohol
 - no-specific taxes would be levied on the sale of alcohol
 - no public education about the increased risks of alcohol consumption
9. To keep the scope of this analysis specific to government intervention in alcohol, general government interventions in markets still apply, such as consumer protection laws, health and safety requirements, and goods and services taxes.
10. We conservatively assume that in the absence of government intervention, total demand for alcohol would increase from current levels by at least 12%. We also assume that sellers would be able to meet this demand. While it is difficult to estimate the precise size of this increase, we are comfortable with this assumption because:
- there is evidence that government intervention lowers alcohol consumption,⁶ and so the converse argument can be made that alcohol consumption would increase in the absence of government intervention.
 - we estimated how much consumption would increase if the only change was a lowering of alcohol prices by removing excise taxes because this is a relatively straightforward methodology. Using current excise rates, how much of each type of alcohol is currently consumed, and consensus international price elasticities, we estimate that removing excise taxes would increase total alcohol consumption by around 12%. This is a partial measure only, as it does not account for other government interventions that reduce consumption, and so will be an underestimate.

⁵ That meets the broader consumer protection requirements which require advertising to be legal, decent, honest, and respect the principles of fair competition.

⁶ Gapstur, S.M., Mariosa, D., Neamtiu, L., Nathan, S.T., Rehm, J., Huckle, T., Jernigan, D.H., O'Connor, E.A., Štelemėkas, M., Allebeck, P. and Assanangkornchai, S., 2025. The IARC Perspective on the Effects of Policies on Reducing Alcohol Consumption. *New England Journal of Medicine*, 392(17), pp.1752-1759.



There are clear health and safety risks that arise if the government does not intervene in alcohol

Risks to health

11. There is clear, well-documented local and international evidence that the consumption of any alcohol causes or significantly contributes to health risks for individuals who consume alcohol, and those around them.⁷
12. The risks to the health of individuals who consume alcohol include an increased risk⁸ of:
 - cancer, particularly mouth and throat cancer, bowel cancer, breast cancer, and liver cancer
 - stroke
 - high blood pressure and heart attacks
 - long-term brain damage, including chronic memory loss
 - the immune system not functioning properly, which increases the risk of all types of infections
 - mental health conditions, particularly depression and anxiety. These mental health conditions in turn increase the risks of social isolation, further mental health issues, and suicide.
 - injury or death from falls, cuts, burns, road accidents, and other accidents.
13. These individual health risks are experienced differently by different population groups. Men and Māori individuals generally drink more than other groups and therefore experience disproportionately higher harm.⁹ Additionally, there is evidence that women, young people, older people, Māori, and Pacific people experience higher health risks when consuming a similar amount of alcohol as other groups.¹⁰
14. The risks to the health of people around individuals who consume alcohol include an increased risk of:
 - foetal alcohol spectrum disorder (FASD)¹¹
 - mental health conditions, especially if they experience family violence
 - injury and death from road and other accidents
 - injury and death from violence.
15. Again, these risks are experienced differently by different population groups. There is evidence that women, children, Māori, Pacific people, and people with lower incomes

⁷ In other words, the overall incidents of these illnesses would be lower if no one drank alcohol.

⁸ Zhong, L., Chen, W., Wang, T., Zeng, Q., Lai, L., Lai, J., Lin, J. and Tang, S., 2022. Alcohol and health outcomes: an umbrella review of meta-analyses base on prospective cohort studies. *Frontiers in Public Health*, 10, p.859947.

⁹ Chambers, T., Mizdrak, A., Jones, A.C., Davies, A. and Sherk, A., 2024. Estimated alcohol-attributable health burden in Aotearoa New Zealand.

¹⁰ Ibid.

¹¹ FASD is a neurodevelopmental disorder caused by exposure to alcohol before birth, and can cause developmental delays and slow physical growth, intellectual disabilities, poor judgement skills, a short attention span, and social difficulties



experience higher health risks caused by others' (particularly men's) alcohol consumption than other groups.

16. If these health risks eventuate, they carry downstream health and social consequences such as loss of employment and financial insecurity, lost productivity, long-term disability, road crashes, and incarceration, the consequences of which are discussed in more detail in the market failures section below.

Risks to the safety of others

17. There is clear, well documented local and international evidence that alcohol consumption contributes to an increased risk of crime, including:
 - family violence, including intimate partner violence and violence against children
 - violence, including sexual violence
 - disorderly conduct
 - retail crime, including theft and property damage.

There are several market failures that arise if the government does not intervene in alcohol

18. There are three main types of market failures that arise if the government does not intervene in alcohol:
 - negative externalities, where the costs of alcohol consumption are not borne solely by those who benefit from the sale and consumption of alcohol
 - information failures, where parties in the market do not have the relevant information to make rational, welfare-maximising choices
 - preference-related problems and behavioural biases, where parties in the market do not behave rationally, even when they have the relevant information.

Negative externalities

19. As discussed above, alcohol consumption carries risks. If these risks eventuate, the consequences of these risks carry costs. The nature of these consequences mean that these costs are not borne solely by the parties who receive the benefits of consuming alcohol. Those who benefit are the seller (who profits from the sale of alcohol) and the individual consuming the alcohol (who receives an internalised benefit). This means these costs are not considered when these parties make decisions, nor are they reflected in market prices.
20. Specifically, these externalities are:
 - increased healthcare and justice costs imposed on the Crown, due to increased incidents and severity of illnesses and injuries, and increased crime
 - increased negative effects and social costs imposed on people who do not consume alcohol, but are around those who do
 - costs to the economy of lost productivity due to people not working when they are expected to (absenteeism), or people not working to their full capacity (presenteeism). There is clear evidence that the risk of absenteeism and presenteeism increases with alcohol consumption and its associated health risks.



Information failures

21. There are two main types of information failure that would arise if the government does not intervene in alcohol:
- incomplete information, where many end-consumers of alcohol are not likely to have a full understanding of the health and other risks they take on when they consume alcohol, meaning they are not making fully informed choices when participating in the market. This arises because, in the absence of information being made available in accessible formats,¹² identifying and understanding the risks associated with alcohol consumption requires significant expertise and resources which are not available to most end-consumers
 - information asymmetries between sellers and end-consumers of alcohol, particularly about product quality and safety. This means sellers could sell unsafe alcohol (e.g., a beverage that contains methanol, or a beverage with an incorrectly labelled alcohol percentage), and end-consumers would have little way of knowing. While in our scenario this information asymmetry would continue to be broadly mitigated by general consumer protection laws and competition between sellers, the consequences of unsafe alcoholic beverages are significant.

Preference-related problems and behavioural biases

22. While the standard theory of economically efficient markets assumes actors maximise their individual welfare by acting rationally, people have been shown to deviate from this idea of rationality in systematic ways. We must therefore consider these biases in a market failure analysis, as they will affect the functioning of a free market.
23. There are two main types of preference-related problems and behavioural biases that arise if the government does not intervene in alcohol:
- end-consumers over-value present alcohol consumption over future (potential) health problems or other risks, imposing costs on their future selves that lower their overall welfare, because consequences of alcohol consumption are generally felt after (including long after) consumption. This is further demonstrated by the fact that many end-consumers of alcohol will make “time inconsistent” decisions, where they regret decisions they make to consume alcohol when asked after the fact, even when no new information is introduced between when they consumed alcohol and when they were asked¹³
 - alcohol is an addictive substance, meaning that people’s ability to make rational and fully-informed choices about it can be eroded – a person knows before they become addicted they will regret getting addicted, but once they are addicted, will find it difficult to be able to change their behaviour.

¹² Which is usually done, or funded, by governments and so would not occur in our scenario.

¹³ Howe, L.K., Copeland, S., Fisher, L., Farmer, E., Nemes, L. and Finn, P.R., 2022. Mobile assessment of decisions to drink in young adults: Examining the role of incentives and disincentives. *Alcoholism: clinical and experimental research*, 46(1), pp.152-165.



Do the nature and severity of these risks and market failures justify government intervention regarding alcohol?

24. The existence of a risk or market failure does not, by default, necessitate government intervention. Three questions must first be considered:
- how severe are the risks and market failures? Severity is a function of both the consequences of the risk or market failure, and the number of people these consequences will affect¹⁴
 - does the nature of the risks and market failures mean that private interventions and individual responsibility are unlikely to sufficiently and / or efficiently mitigate them?
 - is government failure likely (i.e., would government intervention make the risks and market failures worse)? This considers local and international evidence on whether government interventions have been able to successfully address similar risks and market failures.

The risks and market failures are severe and impose significant fiscal and social costs

25. The current fiscal and social costs of alcohol harm is estimated to be between and \$6 and \$9 billion dollars per year.¹⁵ This reflects both significant consequences of the risks and market failures, and the high number of people these consequences affect - 75% of people over 15 currently drink alcohol in New Zealand.
26. If we consider that demand would likely increase in the absence of government intervention, we could conservatively estimate that the fiscal and social costs of alcohol harm could be as high as \$10.2 billion dollars.¹⁶ This is likely an underestimate, for reasons discussed above.
27. Table 1 below provides a breakdown of current estimated fiscal and social costs and broadly attributes them to some of the risks and market failures identified above.¹⁷ While it is difficult to accurately estimate how exactly information failures and preference-related problems / behavioural biases contribute to these costs, we assume they are significant underlying factors, as there is evidence of low awareness of the health risks of alcohol consumption¹⁸ (indicating information failures), and 22% of people over 15 who drink have hazardous drinking patterns (indicating preference-related problems / behavioural biases).¹⁹

¹⁴ The estimates of severity in this section are based on information about the current state, as we have assumed that the rate of alcohol consumption will remain the same in the absence of government intervention.

¹⁵ "Costs of alcohol harms in New Zealand", NZIER Report to the Manatū Hauora | Ministry of Health, March 2024.

¹⁶ Ministry for Regulation's economic analysis considering a 12% increase in demand, as discussed above. A breakdown of this analysis is available upon request.

¹⁷ These estimates were compiled as part of NZIER's report. The specific estimates in Table 1 cannot be aggregated due to the risk of double-counting, but the total \$6 - \$9 billion estimate accounts for this risk. While we are satisfied with the quality of NZIER's analysis at this stage, we have not reviewed their methodology in detail.

¹⁸ Scheideler, J.K. and Klein, W.M., 2018. Awareness of the link between alcohol consumption and cancer across the world: a review. *Cancer Epidemiology, Biomarkers & Prevention*, 27(4), pp.429-437.

¹⁹ New Zealand Health Survey, data collected in FY2024/25.

Analysis paper

Hospitality Review



Ministry for Regulation Te Manatū Waeture

Table 1 - Estimate of fiscal and social costs of alcohol risks and associated market failures²⁰

<i>Category</i>	<i>Risk / Market failure</i>	<i>Estimated cost</i>
Lost productivity from alcohol-related absenteeism and presenteeism in the workplace	Negative externality – cost to the economy	\$3.012 billion
Costs of road crashes	Risk to individual health Negative externality – cost to others	\$2.095 billion
Total health and ACC costs for alcohol-related illnesses and injuries (including hospitalisations, emergency services, and ACC compensation)	Negative externality – cost to the Crown	\$766 million
Lost productivity from long-term disability from alcohol-attributable injuries	Risk to individual health Negative externality – cost to the economy	\$423 million
Lost productivity from premature mortality	Risk to individual health Negative externality – cost to the economy	\$385 million
Intimate Partner Violence	Risk to others' health Negative externality – cost to others	\$281 million
Lost productivity from impairment associated with FASD	Risk to other's health Negative externality – cost to the economy	\$134 million
Child maltreatment	Risk to others' health Negative externality – cost to others	\$74 million
Justice costs for alcohol-attributable crime	Negative externality – cost to the Crown	\$41 million
Lost productivity from hospitalisation for alcohol-attributable conditions and injuries	Negative externality – cost to the economy	\$13 million
Disability benefits and child disability allowances for disabilities attributable to alcohol	Risk to other's health Negative externality – cost to the Crown	\$1 million

²⁰ "Costs of alcohol harms in New Zealand", NZIER Report to the Manatū Hauora | Ministry of Health, March 2024.



28. NZIER estimates that the current costs to others (i.e., negative externalities) exceed the costs to individual consuming the alcohol. Additionally, these costs are not borne by sellers who profit from the sale of alcohol.

There is clear evidence that the nature of these risks and market failures mean that private interventions will not sufficiently mitigate them

29. Private interventions and individual responsibility can, in some cases, be expected to reasonably mitigate risks and market failures to the extent that government intervention is not required. However, it is our view that the inherent nature of the risks and market failures mean that private interventions and individual responsibility will not be effective.
30. The information failures identified above require coordination, expertise, and investment to reasonably mitigate. The actors in this market likely to be able to offer a private solution with these features would be alcohol sellers, as they have more power in the market than end-consumers, and end-consumers face a near-impossible coordination problem to provide their own solution.
31. However, sellers are incentivised to maintain these information failures to sell more alcohol than the end-consumers would have rationally purchased if they were fully informed. Additionally, we cannot rely on individual responsibility either, as this assumes a fully-informed actor, or an actor that has the skills to become fully informed.
32. Preference-related problems and behavioural biases are, by definition, difficult to manage individually or privately because people are acting irrationally, and so cannot be expected to act rationally to mitigate the market failure. Preference-related problems and behavioural biases could be adequately managed at the point of sale and / or consumption by another party. However, the most likely actors in this market likely to be able to offer a private a solution are alcohol sellers, who are incentivised to sell alcohol and maximise profits, rather than maximise total social welfare.

The likelihood government failure is low

33. There is evidence²¹ that these types of risks and market failures can be successfully mitigated by different types of government intervention, for example:
- restrictions on supply to reduce consumption and therefore mitigate the health and other risks (such as licensing regimes, or setting a minimum purchase age)
 - taxation on the sale and manufacture of alcohol to internalise some of the negative externalities²²
 - enforcement and policing to both reduce consumption (and therefore reduce health and other risks) and mitigate the risk of crime
 - health treatments to mitigate the consequences of health risks
 - addiction treatments to mitigate behavioural biases

²¹ Gapstur, S.M., Mariosa, D., Neamtui, L., Nethan, S.T., Rehm, J., Huckle, T., Jernigan, D.H., O'Connor, E.A., Štelemėkas, M., Allebeck, P. and Assanangkornchai, S., 2025. The IARC Perspective on the Effects of Policies on Reducing Alcohol Consumption. *New England Journal of Medicine*, 392(17), pp.1752-1759.

²² Pigouvian taxation, where costs corresponding with the negative externalities are imposed to correct the market failure.



- public health education campaigns to inform end-consumers about the increased health and other risks that result from alcohol consumption, mitigating information failures and potentially reducing consumption
 - information disclosures and safety checking to mitigate information asymmetries between seller and end-consumers.
34. While the mix of approaches may differ between countries (e.g., some may place more emphasis on barriers to entry for sellers - or hold a state retail monopoly over alcohol sales²³ - while others may place more emphasis on penalties and enforcement), the packages of interventions are broadly similar, and have shown to be more effective than no government intervention.
35. It is therefore our view that the likelihood of government failure is low (if the government chooses to intervene), given:
- the types of interventions available are not prone to government failures²⁴
 - governments have successfully intervened to address similar risks and market failures in both in New Zealand and elsewhere.
36. As always, failures to implement policies well will mean they do not deliver the expected benefits, but this is a different type of problem than government failure. Implementation failures are discussed further below, and in **Annex B**.

Therefore, we think that government intervention in alcohol is warranted

37. Our analysis has demonstrated that the:
- consequences of not intervening are severe
 - risks and market failures that arise will not be sufficiently mitigated by private interventions and individual responsibility
 - government failure (if the government chooses to intervene) is unlikely.
38. It is therefore our view that a level of government intervention in alcohol is warranted (i.e., the costs of not intervening is high enough that a high level of costs can be imposed by government intervention).
39. We have mapped how the government currently intervenes in alcohol New Zealand (see **Annex B**) and are generally satisfied that the types and points of intervention align with the risks and market failures identified in this analysis. There are areas where government intervention is not as effective or efficient as it could be (i.e., an implementation failure), but we still consider these interventions as more effective than not intervening.

²³ For example, in Finland the government holds a the exclusive right to sell beer, wine, and certain spirits in retail settings.

²⁴ An example of an intervention prone to government failure is government deposit guarantees, which introduces moral hazard (i.e., protects individuals and firms from the consequences of their actions), which incentivises them to be less cautious and take more risks (i.e., behave irrationally in the market).



Next steps

40. Given that the Review has concluded that the level and types of intervention in the status quo are broadly right, the focus of the current stage of analysis for the Review has been on achieving a more efficient and effective mix of these interventions. Broadly, we are considering:
- how the licensing regime can be more proportionate to the different levels of risk posed by different types of hospitality businesses (i.e., easier and faster for lower-risk businesses, and potentially more difficult for higher-risk businesses like off-licences)
 - how the licensing regime can be more efficient
 - changing the balance between upfront requirements (i.e., barriers to entry) and consequences for not meeting requirements (i.e., enforcement and penalties).
 - how the licensing regime can manage the risks and costs of alcohol consumption in a more evidence-based way (i.e., intervene in ways that are shown to be effective at reducing the risks and costs of alcohol, rather than in ways that we only assume are effective at reducing the risks and costs of alcohol).
41. As signalled in the cover briefing [MFR2026-016 refers], we intend to publicly consult on options for change based on this analysis. You and Minister Upston will receive a draft consultation document and Cabinet paper detailing this analysis and these options at the end of February.



Annex A - Relevant definitions

1. **Alcohol:** for the purposes of this paper, “alcohol” refers to a fermented, distilled, or otherwise manufactured substance that:
 - contains more than 1.15% ethanol by volume²⁵
 - is intended for drinking.

This paper does not cover alcohol that is used for medicinal purposes; alcohol that is used in manufacturing processes (e.g., for perfume); or alcohol that is used in food in quantities that is unlikely to cause intoxication.²⁶

2. **Risk:** is the possibility of harm or other negative consequences resulting from action or inaction. The harm or negative consequence is not certain, and the likelihood can be increased or decreased by intervening.
3. **Market failure:** is when a market does not direct resources towards their most productive use, and therefore society’s welfare is not maximised. Broadly, market failures occur when the market is not competitive, the relevant information is not available to make decisions, or social costs and benefits are not fully captured in market prices.²⁷

²⁵ At 20 degrees Celsius.

²⁶ This definition broadly aligns with the types of alcohol that are regulated under the Sale and Supply of Alcohol Act 2012, and so the types of alcohol that are in scope of the Hospitality Review.

²⁷ John O. Ledyard (2008). Market Failure, *The New Palgrave Dictionary of Economics*, supplemented by discussions with the Ministry for Regulation’s Chief Economist.



Annex B – High-level intervention logic for current government interventions in alcohol

Attached separately (as Appendix B to the cover briefing [MFR2026-016]).



Appendix C: An economic analysis of whether government should restrict which hospitality businesses can open and how they can operate on Anzac Day until 1 pm, Christmas day, Easter Sunday, and Good Friday



Appendix C

An economic analysis of whether government should restrict which hospitality businesses can open and how they can operate on Anzac Day, Christmas Day, Easter Sunday and Good Friday in New Zealand

Purpose

1. The purpose of this paper is to provide you with an economic analysis of whether government should restrict which hospitality businesses can open and how they can operate on Anzac Day until 1pm, Christmas Day, Easter Sunday, and Good Friday.
2. It assumes that, in general, a free market is an efficient mechanism for directing limited resources towards their most productive use. Governments may choose to intervene in the market when resources are allocated inefficiently or unproductively. We acknowledge that this is one way of approaching policymaking, and there are other reasons¹ governments may choose to intervene in any given area.
3. Our analysis consists of the following steps:
 - a. identifying the theoretical risks and market failures that would exist if the government did not intervene
 - b. estimating the severity of these risks and market failures and concluding whether government intervention is justified.

Background

The government currently intervenes and restricts trading on certain days

4. The government currently intervenes and restricts trading on certain days for some businesses. This is done through the Shop Trading Hours Act 1990 (STHA), which restricts trading on days of cultural and national significance for some New Zealanders (referred to as restricted trading days). There are three-and-a-half restricted trading days: Anzac Day until 1pm, Christmas Day, Easter Sunday, and Good Friday when all shops² must be closed.
5. However, the STHA allows certain shops to open on these days. Exemptions include souvenir stores, duty free stores, pharmacies, art galleries or museums, and newsstands in public passenger terminals.³ Garden centres are allowed to open on Easter Sunday. Other exemptions also include tourist areas⁴ that were exempted under the previous STHA.⁵ The table in **Annex 1** breaks down whether a shop is allowed to open on a restricted trading day.

¹ Such as to enforce rights, to achieve fairer distribution of resources or services, or to achieve particular social outcomes.

² A shop is defined as a building, place, or part of a building or place, where goods are kept, sold, or offered for sale, by retail; and includes an auction mart, and a barrow, stall, or other subdivision of a market.

³ See Shop Trading Hours Act 1990 4(1)(b)(i), 4(1)(b)(ii), 4(1)(c)(i), 4(1)(d), 4(1)(e).

⁴ This includes Taupō and Queenstown. See also Shop Trading Hours Act 1990, s 4(2)(a).

⁵ The Shop Trading Hours Act 1990 was preceded by the Shop Trading Hours Act 1977.



6. Online stores are allowed to operate on restricted trading days because they do not fall under the definition of a shop in the STHA.
7. Specific to hospitality, the STHA allows most hospitality businesses to open on restricted trading days – hospitality businesses whose “principal business”⁶ is to sell prepared or cooked food ready to be eaten immediately in the form in which it is sold.⁷ This means cafés, restaurants, food trucks, food stalls, and clubs⁸ that have a restaurant or café can open. Other hospitality businesses like hotels are not considered shops and therefore are also allowed to open.
8. Hospitality businesses that cannot open are bars, pubs, and clubs that do not have a restaurant or café. This is because their principal business is selling alcohol and other drinks, not food.
9. Local authorities can create Local Easter Sunday shop trading policies,⁹ to allow shops that would not be permitted to trade under the STHA (e.g. supermarkets and bars) to open only on Easter Sunday. This is because Easter Sunday is not a public holiday in New Zealand.¹⁰

There are additional restrictions for alcohol on restricted trading days

10. If a business is both allowed to open on a restricted trading day,¹¹ and is licensed to serve alcohol, the Sale and Supply of Alcohol Act 2012 (SSAA) places specific requirements on how alcohol is sold. These requirements are:
 - for licensed cafes, restaurants, food trucks, and food stalls (e.g., businesses with on-licences¹² or special licences), alcohol must only be served to people who are on the premises to dine. Clubs may serve alcohol to members on restricted trading days without requiring them to dine on the premises
 - trading hours for club-licensed Returned and Services’ Association (RSA) are from 4 am to 1pm on Anzac Day¹³
 - remote and online sellers of alcohol can sell alcohol, but it cannot be delivered on a restricted trading day.¹⁴
11. The conditions on a business' alcohol licence always apply, which includes the requirement to have food available for patrons.¹⁵ For example, if their licence restricts them from opening on any Sunday, and Christmas Day happens to fall on a Sunday, they cannot open even though they would be permitted to under the STHA.

⁶ The Shop Trading Hours Act 1990, s 4(1)(b).

⁷ SShop Trading Hours Act 1990, s 4(1)(b)(iii).

⁸ A club include sports clubs, working men's clubs, returned and services' association (RSA) clubs, or private clubs. Currently, clubs must be registered under either the Incorporated Societies Act 1908, or the Incorporated Societies Act 2022. All clubs must be registered under the Incorporated Societies Act 2022 by April 2026.

⁹ Shop Trading Hours Act 1990, s 5A.

¹⁰ Since 1936, Good Friday and Easter Monday have been recognised as the public holiday, because traditionally most people worked Monday to Friday.

¹¹ Regardless of if they are allowed to open through a Local Shop Easter Trading policy, or through an exemption in the Act.

¹² Alcohol is consumed on premises, such as a bar/pub.

¹³ Sale and Supply of Alcohol Act 2012, s 47A.

¹⁴ See Sale and Supply of Alcohol Act 2012 49(2)(a)

¹⁵ Sale and Supply of Alcohol Act 2012, s 53.



There is currently a Member's Bill before the House that removes some of these additional requirements on the sale of alcohol on restricted trading days

12. The Member's Bill¹⁶ currently before the House (awaiting Committee of the Whole House) proposes to remove the restriction on the sale and supply of alcohol on restricted trading days outlined in the paragraphs above. This Bill would allow licensed businesses to open on restricted trading days under their usual licence conditions.
13. Because this Member's Bill makes no changes to the STHA, a shop's principal business must be to sell food. The Member's Bill will allow on-licensed premises that are already open (cafés and restaurants) to open on restricted trading days. Other on-licensed premises (bars and pubs) will still not be able to open if the Member's Bill is passed.
14. As we do not know if the Member's Bill will pass into law, we currently intend to publicly consult on these policy choices and analyse the issue in our Final Report. We will change our approach if the Member's Bill is passed into law before public consultation.

What risks and market failures would exist if the government did not intervene and restrict trading on certain days?

15. This section describes the theoretical scenario where government does not intervene to restrict trading and identifies the risks and market failures that would exist in that scenario. The size and potential severity of these risks and market failures are discussed in the next section.

What do we mean when we say the government "does not intervene" in restricted trading

16. In this scenario, hospitality businesses are not told by government when they can and cannot open or place additional restrictions on current restricted trading days. In detail, this means:
 - bars, pubs, nightclubs and clubs without restaurants would be able to open on Anzac Day until 1pm, Christmas Day, Easter Sunday, and Good Friday unrestricted
 - licenced premises would be able to sell alcohol as per their usual licence conditions.
17. General government interventions in employment and public holidays would continue to apply.

There are no market failures that arise if government did not intervene to restrict trading for hospitality businesses

18. The Review team has concluded that:
 - the risks that would exist if government did not intervene are minimal, and unlikely to outweigh any benefits in the context of hospitality businesses
 - there are no market failures that would exist in addition to those that already exist in the worker / employer relationship.

¹⁶ See Sale and Supply of Alcohol (Sales on Anzac Day Morning, Good Friday, Easter Sunday, and Christmas Day) Amendment Bill.

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19. The Review considered whether there are any potential market power changes and concluded that any existing power imbalances between workers and employers would be unchanged.
20. The Review also considered whether increased alcohol availability on restricted trading days (i.e., if bars and pubs were allowed to open and hospitality businesses were conducting business as per their usual licence conditions) would result in new negative externalities through harm resulting from alcohol consumption.
21. A 12-month study in 2017 and 2018 of Auckland Hospital Emergency Department showed that while alcohol-related presentations were generally slightly more common on public holidays, they were lower than average over Anzac Day and Christmas Day, Easter Sunday, and Good Friday. The study showed alcohol-related presentations were significantly more prevalent at night, during the weekends and in the summer months.¹⁷
22. While increased availability could impact the occurrence of alcohol related harm / incidents, the Review currently considers the risk to be low. Noting it is not clear whether alcohol-related presentations being slightly more common on public holidays being a result of alcohol purchased and consumed on the holiday or purchased prior.

¹⁷ See Ministry of Justice (12 August 2025) "Departmental Report: Sale and Supply of Alcohol (Sales on Anzac Day Morning, Good Friday, Easter Sunday, and Christmas Day) Amendment Bill" <https://www3.parliament.nz/resource/en-NZ/54SCJUST_ADV_4d9ebb89-9a83-4c10-5318-08dd514abaa2_JUST331974/2e806aa8bd7366f45c82123146a78916222a0803>.



Do the nature and severity of the risks and market failures justify government intervention to restrict trading on certain days?

Government has historically intervened in trading hours and days not due to market failures, but other factors

23. The STHA was introduced to reduce trading restrictions. Prior to the 1990 legislation, New Zealand had more restrictive trading legislation in place.¹⁸ Decision-making about area or event-based exemptions were made by a centralised body and exemptions were granted by Orders in Council.
24. Hospitality businesses were treated almost the same as they are under the current legislation, with most of them able to operate, but with restrictions on alcohol sale.
25. The rationale for government intervention in trading hours and days is grounded not in risks and market failures, but in New Zealand's history as a predominantly Christian country and for recognition of a day of mourning and remembrance for service personnel who lost their lives.
26. Government intervened to guarantee that certain workers, who might otherwise be scheduled to work on public holidays, received three-and-a-half days off to recognise these culturally significant days. This means the justification for government intervention was also tied to Christian beliefs about set days of rest with an emphasis on spending time with family and restricting activities considered non-essential, such as shopping.
27. Between the early 1990s and now, New Zealand has shifted from being a majority Christian society to a majority "no religion" society. In the 1991 New Zealand census, 59% of people identified themselves as Christian and 25% as having no religion.¹⁹ Conversely in the 2023 census, 32% identified themselves as Christian and 52% as having no religion. There has been a steady growth in Hinduism, Islam, Buddhism, Sikhism, and Māori religious identification (Rātana, Ringatū and others). Attitudes towards appropriate behaviours on those Christian holidays have changed in line with the decline in Christian religious affiliation.²⁰

What risks are there with changing the status quo?

The Review has concluded there are not sufficient market failures for government to intervene, but making changes carries implementation risks

28. Given the Review has concluded that there are not sufficient market failures for government to intervene, the focus of the current stage of analysis for the Review is identifying different options to remove of the current restrictions and considering the

¹⁸ The Shop Trading Hours Act 1977 restricted Sunday trading, limited hours of operation on weekdays, and had restrictions on the same public holidays as the current regulation.

¹⁹ See Carl Walrond "Atheism and secularism – Who is secular?" Te Ara – the Encyclopaedia of New Zealand <<https://teara.govt.nz/en/interactive/26200/religious-affiliation>>.

²⁰ See Geoffrey Troughton (2024) "Christianity in New Zealand: Key Statistics and Trends." Strengthening the Church in New Zealand. New Vision New Zealand, Vol. 5.



implementation risks. Further work is being completed in this area, and the below is an initial analysis.

29. The main risk from removing restricted trading is it may reduce labour surplus for workers who are required to work on days that are currently restricted. That is, the personal cost of giving up the day off may not be fully offset by higher pay or other benefits. Conversely, employees who want to work on those days would see higher surplus because they would have more opportunities to work.
30. In New Zealand, there are an estimated 1,540 bars, pubs, and nightclubs,²¹ employing around 17,500 to 18,000 people.²² Additionally, there are approximately 530 clubs, such as sports clubs, social clubs, and RSAs,²³ which employ approximately 4,100 people.²⁴ In our theoretical scenario, those people would no longer be guaranteed the 3.5 days off work they currently are.
31. There are potential risks to the degradation of individual employment relationships, if employees and employers disagree about future arrangements after changes are made. Further consideration and analysis are required to properly understand the interaction between employment law and any changes proposed to restricted trading for hospitality businesses.
32. The impact of removing restricted trading is not evenly distributed. Most workers who work on public holidays are largely in lower-paid jobs, while those on higher salaries are more likely to have a day off. Out of New Zealand's nearly 2.9 million workers,²⁵ approximately 2.1 million do not work on public holidays, while 1,723,000 do.²⁶ Our theoretical scenario would add a relatively small group of lower-paid workers to having to potentially work on days of cultural and national significance.
33. Workers that do celebrate these holidays may value time with family on those significant days, and those unable to do so may feel excluded or disrespected. However, adjustments to their labour surplus have already been discussed above.

²¹ See StatsNZ (2025) Aotearoa Data Explorer <[https://explore.data.stats.govt.nz/vis?tm=pubs&pg=0&hc\[ANZSIC06\]=&snb=4&df\[ds\]=ds-nsiws-disseminate&df\[id\]=BDS_BDS_004&df\[ag\]=STATSNZ&df\[vs\]=1.0&dq=H452000%2BH452..&to\[TIME\]=false](https://explore.data.stats.govt.nz/vis?tm=pubs&pg=0&hc[ANZSIC06]=&snb=4&df[ds]=ds-nsiws-disseminate&df[id]=BDS_BDS_004&df[ag]=STATSNZ&df[vs]=1.0&dq=H452000%2BH452..&to[TIME]=false)>.

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ See Reserve Bank of New Zealand (2026). "Labour market (M9)." <<https://www.rbnz.govt.nz/statistics/series/economic-indicators/labour-market>>.

²⁶ See Ministry of Business, Innovation, & Employment (2021) "Matariki Public Holiday: Regulatory Impact Statement" <<https://www.mbie.govt.nz/dmsdocument/16586-establishing-a-matariki-public-holiday-regulatory-impact-statement-proactiverelase-pdf>>.

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Next steps

34. As signalled in the cover briefing [MFR2026-016 refers], we intend to publicly consult on options for change based on this analysis. Discussion about restricted trading days often generates significant interest and discourse on both sides from stakeholders and lobby groups. Consultations in recent years about different parts of trading restrictions have garnered mixed results from the public. Specific sections of the public and peak bodies have also expressed varied views.²⁷
35. You and Minister Upston will receive a draft consultation document and Cabinet paper detailing this analysis and these options at the end of February.
36. Removing or making broader changes to the STHA, such as allowing retail businesses to open, is out of scope of the Review. However, if you wish to progress work in this area and discuss this option with the Minister for Workplace Relations and Safety, we can support you to do so. Given the Review's knowledge of this area, it would be the hospitality team that is best placed to provide you with this support. Given current commitments and timelines of the Review we could do this additional work from June this year.

²⁷ This includes the recent Select Committee process for the current Member's Bill amending the SSAA, an Auckland City Council consultation on its local Easter trading policy, a Taxpayers Union poll and public statements made by the New Zealand Council of Trade Unions, Hospitality New Zealand and Retail New Zealand.

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Annex 1 - Can a business open and sell alcohol on a restricted trading day?

Type of business		Requirements in the Shop Trading Hours Act 1990 (STHA)		Requirements in the Sale and Supply of Alcohol Act 2012 (SSAA)
		Step 1: Can the business open on Anzac Day until 1pm, Christmas Day, and Good Friday [under the STHA itself]?	Step 2: Can the business open on Easter Sunday [under Local Shop Easter trading policies]?	Step 3: Can the business open on restricted trading days under the SSAA and, if so, are there restrictions on what it can sell? *
Hospitality businesses	Bars and pubs (that hold an on-licence)	No, because their principal business is not selling food and so they are required to close.	If the Local Shop Easter Trading policy allows it.	No unless there is a Local Shop Easter Trading policy and they can open on Easter Sunday then the following apply: - It has a special licence (in addition to the on-licence); or - it only sells to customers who are, “are present on the premises to dine” (the above restrictions on who can be treated as ‘on the premises to dine’ also apply here)
	RSA clubs (that hold a club licence) under the SSAA	Partially – RSA clubs can open on Anzac Day morning but cannot open any other restricted trading days unless customers are there to dine.	If the Local Shop Easter Trading policy allows it.	RSA clubs can always open on Anzac morning between 4am and 1pm, independent of the opening hours specified on their licence, the relevant local alcohol policy, or the national default opening hours. For other hours on Anzac Day – and for Christmas Day, Easter Sunday and Good Friday – its hours will depend on the conditions on their licence
	Clubs with a restaurant (that hold a club licence under the SSAA)	Yes, if their principal business is food and so are exempted from the requirements to close.		Yes, unless the conditions on its licence prevent it.
	Clubs without a restaurant (that hold a club licence under the SSAA)	No, because their principal business is not selling food and so they are required to close.	If the Local Shop Easter Trading policy allows it.	No unless there is a Local Shop Easter Trading policy and they can open on Easter Sunday then the following apply: - It has a special licence (in addition to the on-licence); or - it only sells to customers who are, “are present on the premises to dine” (the above restrictions on who can be treated as ‘on the premises to dine’ also apply here)
	Events (that hold a special licence under the SSAA)	Not applicable, because they are not a shop and so are not covered by the STHA.		Yes, unless the conditions on its licence prevent it.

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Type of business		Requirements in the Shop Trading Hours Act 1990 (the STHA)		Requirements in the Sale and Supply of Alcohol Act 2012 (SSAA)
		Step 1: Can the business open on Anzac Day until 1pm, Christmas Day, and Good Friday [under the STHA itself]?	Step 2: Can the business open on Easter Sunday [under Local Shop Easter trading policies]?	Step 3: Can the business open on restricted trading days under the SSAA and, if so, are there restrictions on what it can sell? *
General retail businesses	Shops that are not excluded from the general rule under the STHA and do not hold a licence under the SSAA. <i>e.g., clothes shops, bookshops</i>	No	If the Local Shop Easter Trading policy allows it.	<i>Not applicable</i>
	Shops that are not excluded from the general rule under the STHA and hold an off-licence under the SSAA <i>e.g., supermarkets, bottle shops, wineries</i>			No, except that on Easter Sunday fruit and vegetable wine is allowed to be sold if it was made on the premises or made from produce harvested from land on which the premises are situated – for example, a winery is allowed to sell its own wine.
	Remote sellers of alcohol (that hold an off-licence for sale or delivery at a distance)	Yes, as remote sellers (e.g., online shops) do not fall under the definition of shop in the STHA therefore, are not required to close.		A business may sell – but not deliver – alcohol on these days (unless the conditions on the licence prevent sales)
	Shops that are excluded from the general rule under the STHA and do not hold an off licence under the SSAA <i>e.g., pharmacies, art galleries and museums, small dairies</i>	Yes, because they are exempted from the requirements to close.		<i>Not applicable</i>
	Shops that are excluded from the general rule under the STHA and do hold an off licence under the SSAA <i>e.g., shops in an exhibition or show area</i>			No, except that on Easter Sunday fruit and vegetable wine is allowed to be sold if it was made on the premises or made from produce harvested from land on which the premises are situated – for example, a winery is allowed to sell its own wine.

*A business can receive a special licence to serve alcohol outside of the conditions on their on-licence or off-licence. On the other hand, any type of licence can include “self-imposed conditions” on opening hours that are stricter than the general SSAA requirements.



Hospitality Review – Draft Cabinet paper and discussion document

Date	27 February 2026	Priority	High
Security classification	classification	Tracking number	MFR2026-036
Attachments	Appendix A: Draft Cabinet paper Appendix B: Draft discussion document on restricted trading and alcohol licensing		

Note: attachments excluded from release

Action sought

Required from	Action	Deadline
Hon David Seymour Minister for Regulation	Review the draft Cabinet paper and discussion document Discuss any feedback with officials if needed Approve the documents for agency and Ministerial consultation Forward the briefing to the Minister for Tourism and Hospitality (Hon Louise Upston)	4 March 2026

Contact for discussion if required

Name	Position	Phone number	1 st contact
Hannah McGlue	Manager, Regulatory Reviews	s 9(2)(a)	☐
Nicola Blackburn	Review Lead, Hospitality Review	s 9(2)(a)	☒

Minister's office to complete

- | | |
|---|--|
| ☐ Approved | ☐ Declined |
| ☐ Noted | ☐ Needs change |
| ☐ Seen | ☐ Overtaken by events |
| ☐ See Minister's notes | ☐ Withdrawn |

Comments



Hospitality Review – Draft Cabinet paper and discussion document

Date	27 February 2026	Priority	High
Security classification	classification	Tracking number	MFR2026-036

Purpose

The purpose of this briefing is to provide you with the draft Cabinet paper and discussion document on restricted trading and alcohol licensing for hospitality businesses. You are seeking Cabinet approval to release the discussion document as part of public consultation on these issues raised in the Hospitality Review (the Review). These documents need your approval to start agency and Ministerial consultation by 6 March 2026 to maintain our timeframes.

Recommended Action

The Ministry for Regulation recommends you:

- | | | |
|---|---|--------------------------------------|
| a | note that your feedback on the draft Cabinet paper and discussion document is required by Wednesday, 4 March 2026 to maintain our timeframes | <i>Noted</i> |
| b | agree , subject to your approval of the papers, to commence Ministerial consultation on the draft Cabinet paper and discussion document by Friday, 6 March 2026 | <i>Agree / Disagree</i> |
| c | note that agency consultation will be undertaken at the same time as Ministerial consultation | <i>Noted</i> |
| d | note a Regulatory Impact Assessment is not included with the Cabinet paper as the discussion document does not contain any regulatory proposals. This analysis will be completed as part of final policy proposals following conclusion of the Hospitality Review. | <i>Noted</i> |
| e | forward a copy of this briefing to Minister for Tourism and Hospitality (Hon Louise Upston, jointly responsible for decisions about the recommendations of the Hospitality Review) | <i>Forwarded /
Not forwarded</i> |



- f **agree** the Ministry for Regulation proactively release this briefing at the same time as the Cabinet paper and related Cabinet Minute, with appropriate redactions, in accordance with the Official Information Act 1982. *Agree / Disagree*

s 9(2)(a)

Hannah McGlue
Manager, Regulatory Reviews
Ministry for Regulation
Date: 27 February 2026

Hon David Seymour
Minister for Regulation
Date:



You have agreed to undertake public consultation on restricted trading and alcohol licensing for hospitality businesses

1. Following your decisions in response to our advice on 4 December 2025 [MFR2025-310 refers] we have prepared a draft Cabinet paper and discussion document on restricted trading and alcohol licensing. These are now ready for your review ahead of consultation with your Ministerial colleagues.
2. We have not yet received decisions from the Minister for Tourism and Hospitality (Hon Louise Upston, jointly responsible for decisions about the recommendations of the Review) on our advice on 4 December 2025. We have therefore prepared the draft Cabinet paper in your name only. As per the Review's Terms of Reference, the final report of the Review will be jointly taken to Cabinet by you and the Minister for Tourism and Hospitality.
3. We are focusing on these two areas for public consultation due to the impacts on the public if changes are recommended, and subsequently, made to these policy settings. The public's view on the potential options will strengthen the Review's preliminary analysis and inform recommendations for the final report.
4. Specifically, the Review is considering whether:
 - the current alcohol regulatory settings reflect the risks of drinking in a supervised environment and whether they should be changed
 - trading restrictions on Good Friday, Easter Sunday, Christmas Day, and ANZAC Day morning should be removed for hospitality businesses.
5. We are monitoring progress of the Hon Keiran McAnulty's Member's Bill on the Sale and Supply of Alcohol (Sales on Anzac Day Morning, Good Friday, Easter Sunday, and Christmas Day) Amendment Bill. If passed, this Bill will remove restrictions to sell alcohol for on-licences during restricted trading days. Public consultation will consider whether this goes far enough. For example, if changes are also required for the Shop Trading Hours Act 1990 which also have trading restrictions for hospitality businesses.
6. When considering changes to the regulation of supervised drinking in hospitality settings, our goal is a more effective and efficient regulatory system, which includes considering proportionality, simplicity, and transparency.
7. At this stage of the Review, all options that would address the issues identified by the Review are under consideration. Recommendations for amended policy settings resulting from the Review will be considered by Cabinet as part of the Review's final report later this year.



The discussion document asks what could be changed about restricted trading and alcohol licensing for hospitality businesses

8. The discussion document:

- describes the problems we have heard about in these regulatory systems to date [MFR2025-310 refers]
- outlines potential changes that could be made to address these problems
- discusses the high-level advantages and disadvantages of these changes. These advantages and disadvantages are intended as prompts for consideration and do not constitute a full options analysis
- sets out a mix of high-level, qualitative and quantitative questions. These questions will be reflected in the online questionnaire that will be available on the Ministry's website for the public to access.

9. Specifically, the discussion document poses the following questions:

- a) What hospitality businesses should be able to open on restricted trading days?
- b) How should alcohol be managed on restricted trading days?¹
- c) What licences should be available to sell and / or supply alcohol in supervised settings? This question considers whether the current licences available for businesses (which are in scope of the Review – on-licences, club licences, and special licences) are fit for purpose.
- d) Who should be responsible for the supervision of alcohol? This question considers how responsibility should be split between the workers / employees who serve alcohol and the licence holder.
- e) Who should make decisions about licences? This question considers whether the current decision-making structures (such as District Licensing Committees)² are fit for purpose.
- f) What conditions should be placed on licences? This question considers how best to improve the effectiveness and consistency of licence conditions.
- g) How should the regime be enforced? This question considers whether the tools available for regulators are fit for purpose.

10. The discussion document does not include specific regulatory proposals or packages for change. Where a range of options is put forward, we present the full range of feasible options. This exempts the discussion document from the Regulatory Impact Analysis process that can be required of public consultation documents.

¹This question will be removed if the Sale and Supply of Alcohol (Sales on Anzac Day Morning, Good Friday, Easter Sunday, and Christmas Day) Amendment Bill passes before public consultation begins. The Bill is scheduled to be heard by the Committee of the Whole House on the next Member's Day (4 March 2026).

² District Licensing Committees are independent local bodies that are responsible for issuing alcohol licences and duty manager's certificates.



To deliver a Final Report by July, public consultation needs to start on 1 April

11. You have given us a two-month extension to accommodate the public consultation process. This means consultation will run for four weeks between 1 to 30 April. Any delay to this timeline could limit our ability to meet the July deadline for the Review's final report.
12. Our current planning has the papers being considered at the Expenditure and Regulatory Reviews Cabinet Committee (EXP) on 24 March. If needed, it could be considered by the Social Outcomes Cabinet Committee (SOU) the following week. The table below shows our indicative timeline.

Proposed timeline of key activity through to final report Deliverable	Date
Pack sent to joint Ministers for review	27 February
Time for joint Ministers discussion	2-5 March
Ministerial and agency consultation	6-13 March
Hospitality Summit	12 March
Incorporate feedback and internal sign out	By 17 March
Submit to Ministers for approval to lodge	18 March
Lodge Cabinet paper and public consultation document	19 March
EXP meeting (back-up SOU meeting following week)	24 March
Cabinet meeting	30 March
Public consultation	1-30 April
Submissions analysis and recommendations development	May
Targeted stakeholder and agency engagement on Review recommendations	From late May
Deliver Final Report	By end of July

Next steps

13. For us to circulate the draft Cabinet paper and consultation document for agency and Ministerial consultation by 6 March, we ask for feedback to be provided from your offices by 4 March. This will allow us to update the documents in time for consultation.

Proactive release

14. With your agreement, we will proactively release this briefing and Cabinet paper at the appropriate time in accordance with the Official Information Act 1982, to support transparency and public trust in decision-making processes.

Briefing

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Ministry for Regulation
Te Manatū Waeture

Alcohol excise tax for kegged beer

Date	12 June 2026	Priority	Low
Security classification	classification	Tracking number	MFR2026-095
Attachments	N/A		

Action sought

Required from	Action	Deadline
Hon David Seymour Minister for Regulation	Agree that no changes to the regulatory settings are required. Discuss with officials at your meeting on 30 June 2026	30 June 2026

Contact for discussion if required

Name	Position	Phone number	1 st contact
Hannah McGlue	Reviews Manager	s 9(2)(a)	☒
Nicola Blackburn	Review Lead	s 9(2)(a)	☐

Minister's office to complete

- | | |
|---|--|
| ☐ Approved | ☐ Declined |
| ☐ Noted | ☐ Needs change |
| ☐ Seen | ☐ Overtaken by events |
| ☐ See Minister's notes | ☐ Withdrawn |

Comments

Briefing

MFR2026-095



Ministry for Regulation
Te Manatū Waeture

Alcohol excise tax for kegged beer

Date	12 June 2026	Priority	Low
Security classification	classification	Tracking number	MFR2026-095

Purpose

This briefing provides you with our recommendations on whether changing alcohol excise tax on kegged beer to provide targeted tax relief for the brewing industry is warranted. This work has been undertaken as part of the Hospitality Review (the Review). We are providing you with our analysis and recommendations ahead of the Review's final report, as industry concerns with alcohol excise tax have been featured in the media.

Executive summary

The Review has considered whether changes should be made to alcohol excise tax on kegged beer. **We do not recommend changing the current regulatory settings.**

We heard from the brewing industry that alcohol excise tax disadvantages kegged beer

Alcohol excise tax is a tax that is charged on alcohol products based on the alcohol content per litre of beverage or per litre of alcohol (as alcohol by volume (ABV)). Higher ABV products are subject to higher excise rates. Currently, rates do not differentiate between products based on packaging (e.g., container size), manufacturer scale, or where they are ultimately sold / consumed.

The brewing industry reported that the current settings remove a competitive advantage for producers of kegged beer compared with producers of canned / bottled alcohol products, by raising the production cost, which is otherwise lower. Industry further reported that this negatively affects the viability of hospitality businesses by discouraging on-licence consumption.

Our analysis found the alcohol excise tax system is achieving its objectives, and preferential tax relief would distort competition in the beer industry and be fiscally expensive

The primary objective of the existing alcohol excise tax system is to ensure the social costs associated with alcohol consumption are reflected in the price of alcohol products, reducing consumption. Alcohol excise tax also contributes to Crown revenue. Our view is that the current excise settings are generally achieving these objectives, and that:

- alcohol excise tax is not the chief driver of cost or competition pressures reported
- introducing preferential rates would be expensive and distortionary
- tax relief would have minimal flow-on impacts for supporting hospitality businesses.

If you wish to progress with a change to the excise settings, we have assessed several potential options

We have assessed options for providing targeted tax relief, including by freezing applicable excise tax rates for kegged beer, introducing a specific lower rate for kegged beer, and introducing a "small producer" relief scheme. Cost benefit analysis indicates a freeze would be the least-cost, least risk, option, noting that all options are likely to distort competition, complicate the tax system, and result in reductions to Crown revenue (between \$30.2 - \$282.6 million over 10 years) that would need to be cross-subsidised.

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Recommended Action

The Ministry for Regulation recommends you:

- a **agree** that the current excise tax settings for kegged beer remain as they are. *Agree / Disagree*
- b **discuss** your feedback at an agency meeting on 30 June 2026. *Agree / Disagree*

Proactive release

- c **agree** this briefing be released in full once Cabinet's decisions on the Review's recommendations have been announced. *Agree / Disagree*

s 9(2)(a)

Hannah McGlue
Reviews Manager
Ministry for Regulation
Date: 12/06/2026

Hon David Seymour
Minister for Regulation
Date:

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**Ministry for Regulation
Te Manatū Waeture**

Background

1. In October 2025, the Brewers Association¹ and the Brewers Guild² provided the Ministry with a briefing discussing the impacts of excise tax on kegged beer producers in New Zealand.
2. Alcohol excise tax and excise-equivalent duties (EED) for imported alcohol are uniform for kegged versus bottled or canned beer. However, the baseline manufacturing costs for kegged beer are relatively reduced due to lower packaging costs. The brewing industry reported that uniform excise settings for both kinds of products removes a natural competitive advantage for kegged beer. The brewing industry also reported flow-on effects including declining consumption of kegged beer at on-licence hospitality venues.
3. In March, you requested the Review progress work to scope and analyse options for changing alcohol excise tax for kegged beer. This was in relation to issues raised by the brewing industry. We have assessed the effects of the existing tax regime on the brewing industry and seven options for change.
4. Through this work, we have worked closely with the Treasury and the New Zealand Customs Service (Customs), as these agencies hold the policy and administrative responsibilities for the current excise tax regime. The Treasury has engaged with the Ministry of Health (MoH) to provide joint feedback as they have a policy role in minimising alcohol-related harm.

Analysis

The alcohol excise tax regime is designed to improve health outcomes and reduce social harm by disincentivising alcohol consumption

5. The Government uses the alcohol excise tax regime primarily to ensure the social costs associated with alcohol consumption are appropriately reflected in its price, reducing consumption. Revenue from alcohol excise tax also provides a sustainable source of funding for the Government.
6. In 2023, the New Zealand Institute of Economic Research (NZIER) estimated the total societal cost of alcohol-related harms as \$9.1 billion.³ This figure represents negative internalities (costs and harm to the individuals consuming alcohol) and externalities (costs and harms to those around them), including:
 - costs to the public health system
 - costs to the social welfare system
 - costs to the justice system
 - lost economic growth and productivity.

¹ The Brewers Association represents 83% of beer produced in New Zealand, with two key distributors as members: DB Breweries, and Lion Pty Ltd. These members produce and distribute many recognisable local and international brands, including Export, Heineken, Kingfisher, Tiger, Tui, Steinlager, Speights, Kirin Ichiban, and Panhead, among others.

² The Brewers Guild represents the largest group of brewing industry businesses in New Zealand, with board members from breweries across both the North and South Islands, and members also including DB Breweries and Lion Pty Ltd.

³ Key contributors to this cost include foetal alcohol spectrum disorder (FASD), alcohol use disorder, non-disordered alcohol use, with impacts including lost productivity, and (likely under-reported) domestic and intimate partner violence. See NZIER, *Cost of alcohol harms in New Zealand: Updating the evidence with recent research* (NZIER report to the Manatū Hauora | Ministry of Health, March 2024).

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7. Alcohol excise tax in New Zealand is designed to encourage healthier long-term consumer behaviours by targeting the relative affordability of alcohol. Alcohol excise rates and EED are tiered, and increase in proportion to alcohol content, measured as alcohol by volume (ABV).⁴ This is intended to disincentivise consumption of higher-alcohol products, such as spirits, to mitigate alcohol-related harm. Tiered, increasing rates also incentivise alcohol producers to reduce the alcohol content of their products.
8. The current excise rates and EED are charged to alcohol manufacturers per litre of beverage or per litre of alcohol based on ABV categories.⁵ The rates based on ABV are consistent across all types of alcohol products and are adjusted annually with changes to the Consumer Price Index (CPI).⁶ The Government has agreed to these annual adjustments every year since 1989.
9. When alcohol excise tax has been paid by manufacturers or importers (for EED) these costs are then generally passed through to retailers (e.g., off-licence bottle stores, or on-licence hospitality venues), that typically pass them through to consumers via prices.

The system is achieving the current policy objectives, one of which is pressure on pricing

10. Alcohol consumption per capita in New Zealand has fallen by 29% between 1986 and 2024 but still amounts to an estimated 7.7 litres per year, per person.⁷ Rates of hazardous drinking have decreased by over 20% since 2018/19, but an estimated one in six (or 720,000) New Zealanders still engage in hazardous drinking behaviours.⁸ There is a trade-off for Government between the effectiveness of alcohol excise tax and using excise tax to relieve cost-pressures on industry and provide consumers with cheaper beer in hospitality venues.
11. Crown revenue from alcohol excise tax is plateauing, consistent with declining consumption. Between 2022 and 2025, there has been a slight downward trend in both forecast and actual revenue from EED on imported alcohol products, and a slight increase to actual revenue from excise duty on domestically produced alcohol products.⁹ This is consistent with global trends in excise revenue, where decreases mirror the long-term decline in alcohol consumption.¹⁰
12. Annual decisions to increase alcohol excise tax in line with CPI note that providing alcohol manufacturers with relief from alcohol excise duties does not align with the Government's policy objective of reducing alcohol consumption to mitigate personal and social harm. The effectiveness of the alcohol excise tax system depends on maintaining the value of alcohol excise tax rates in real terms.¹¹
13. The Treasury has advised that issues raised with the Review were also raised by the brewing industry in 2021 in relation to relief for the industry post-Covid-19 lockdowns. At the time, Treasury provided advice recommending no adjustment to alcohol excise duty rates,

⁴ Alcohol products with less than 1.15% ABV currently fall below the eligibility threshold.

⁵ ABV categories are defined in the Excise and Excise-equivalent Duties Table.

⁶ The latest adjustments came into force on 1 July 2025 as enabled under the Customs and Excise Act 2018.

⁷ Statistics New Zealand *Alcohol available for consumption: Year ended December 2025* (February 2026).

⁸ Ministry of Health *Annual Update of Key Results 2023/24: New Zealand Health Survey* (November 2024).

⁹ See The Treasury *Financial Statements of the Government of New Zealand* from 2022 through 2025.

¹⁰ Mario Mansour, Patrick Petit, and Fayçal Sawadogo *How to Design Excise Taxes on Alcoholic Beverages* (How To Note 23/04, International Monetary Fund, 2023) at 5-6.

¹¹ LEG-23-MIN-0072 and CAB-23-MIN-0183 refer.

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particularly given alternative support measures were available to hospitality businesses post-Covid.¹²

Robust competition, supply chain pressures, and changing consumer preferences are possible causes of the cost pressures reported by industry

14. Whether the cost of alcohol excise tax is passed through to wholesale and retail pricing depends mainly on market conditions including competition, market power, retailer bargaining, and demand responsiveness.¹³ The beer industry in New Zealand is relatively competitive, with over 200 breweries across the country; this is 46% more breweries per capita than in the United Kingdom (UK).¹⁴ This may influence manufacturers' wholesale pricing strategies and increase pressure on pass-through rates.
15. Estimates indicate the wine, beer, spirits and beverages industry includes 1,900 businesses and directly employs more than 10,000 people, meaning changes in demand for beer could have significant employment impacts. However, global evidence suggests that changes to alcohol excise would have a gradual and relatively small impact on employment in the alcohol industry.¹⁵ More significant employment risks include technological change and changes in export / import intensity, as well as agricultural supply chain issues resulting from conflicts (e.g., in the Ukraine).¹⁶
16. In New Zealand, demand for beer has been relatively resilient to significant events including Covid-19¹⁷. As a proportion of the total volume of alcoholic beverages available for consumption between 2011 and 2025, beer has decreased from 63% to 60%; indicating relative stability in long-term demand.¹⁸ However, consumer preferences have continued to shift towards low / no alcohol beer, with demand for this kind of product increasing by 750% since 2019.¹⁹ Diversifying production technologies for low and no-alcohol products may require significant upfront capital investment by producers, but the revenue trade-offs may be worthwhile for businesses in the long run.²⁰

¹² For example, Wellington City Council introduced significant decreases to alcohol licensing fees as part of its Pandemic Response Plan in 2022.

¹³ World Health Organisation, *WHO technical manual on alcohol tax policy and administration* (December 2023) at 52-53.

¹⁴ Based on the estimated national populations of New Zealand (5,127,100) and the United Kingdom (68,526,183) in 2022 divided by the number of breweries in the same year (200 and 1828 respectively).

¹⁵ World Health Organisation *WHO technical manual on alcohol tax policy and administration* (5 December 2023) at 231-237.

¹⁶ See World Health Organisation, *WHO technical manual on alcohol tax policy and administration* (December 2023) at 231-237; and NZIER, *Brewing in New Zealand: The economic contribution of the brewing industry 2022* (NZIER report to Brewers Association of New Zealand, December 2022) at 3.1.

¹⁷ NZIER, *Brewing in New Zealand: The economic contribution of the brewing industry 2022* (NZIER report to Brewers Association of New Zealand, December 2022) at 2.2.

¹⁸ Statistics New Zealand, *Alcohol available for consumption: Year ended December 2025* (February 2026).

¹⁹ Brewers Guild of New Zealand, *Brewing in New Zealand* (2025).

²⁰ Kym Anderson *The emergence of lower-alcohol beverages: The case of beer* (2023) 18 JWE 66 at 78.

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International approaches suggest changing alcohol excise tax is likely to have a limited impact on the economic viability of the brewing industry and poses fiscal, social, and economic costs

17. In 2023, the UK Government introduced reduced alcohol duty rates for eligible beer products and for small producers based on their overall alcohol production size.²¹ These initiatives were intended to support the competitiveness of pubs relative to off-licence retailers such as supermarkets and provide small manufacturers with more financial flexibility to encourage innovation and the development of lower alcohol beverages. There is no clear evidence yet that these objectives have been delivered, and the fiscal cost of both initiatives since implementation is \$792 million NZD.
18. The Australian Government has introduced lower specific alcohol excise rates to provide the alcohol industry with tax relief.
 - *Specific lower rates apply to kegged beer only, based on container size²², and a freeze to indexation targets beer more broadly, to support the recovery of the hospitality sector post-Covid. The pause to indexation is projected to cost the Australian Government \$115 million NZD over four years. Spirits manufacturers have heavily criticised the freeze, reporting that limiting relief to kegged beer disadvantages consumers that prefer other alcohol products.*
 - *Remission scheme allows both brewers and distillers additionally to receive a full refund of any excise paid up to \$350,000 each year (this 'remission cap' is increasing to \$400,000 on 1 July 2026), providing consistent tax relief to all small producers of alcohol products.²³ We understand in practice, the remission threshold has led to evasion and anti-competitive behaviour, increasing monitoring and compliance costs for government.²⁴*

All options we have assessed present no net benefits, would distort competition in the alcohol industry, and would substantially reduce Crown revenue

19. In line with the relief options put forward by the brewing industry and international approaches, we have assessed the following options for targeted relief for alcohol manufacturers that produce kegged beer:
 - **Option 1:** Introduce a two-year freeze on CPI adjustments to alcohol excise duties and EED specifically for kegged beer. **Sub-option 1.a.** limits the freeze to domestically produced kegged beer (excluding EED).
 - **Option 2:** Introduce a lower alcohol excise and EED rate (discounted by 10% - 50%) for kegged beer. **Sub-option 2.a.** limits the application of the lower rate to domestically produced kegged beer (excluding EED).

²¹ Applies to alcoholic products sold in on-licence venues in 'draught containers' (i.e., kegs) containing over 20 litres of eligible alcoholic products; See HM Revenue & Customs, "Goods liable to excise duty" (April 2026).

²² Australian Taxation Office *Excise on commercial beer* (May 2023).

²³ Prime Minister of Australia *Albanese Labor Government to freeze draught beer excise* (March 2025).

²⁴ Based on information and views provided to the Ministry by the Australian Taxation Office.

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- **Option 3:** Introduce a small producer alcohol excise rate (discounted by 25% - 50%) for domestically produced beer (excluding EED). **Sub-option 3.a.** extends small producer rates to producers of all alcohol products; and **sub-option 3.b.** uses a remission threshold instead of lowered rates.
- 20. Our cost-benefit analysis of these options indicates there is no net economic benefit to providing relief targeted to kegged beer or to a subset of alcohol manufacturers. Estimated **fiscal costs over 10 years range from \$30.2 million to \$282.6 million**. This loss to Crown revenue would need to be subsidised through other means, likely general taxation. The estimated **net present value of the options over 10 years, ranges from -\$5.8 million to -\$57.6 million**.
- 21. If you wish to progress work on one of the above options, **Options 1-1.a. have the lowest fiscal, social, economic, and implementation costs (\$36 to \$41.8 million)**. This initial assessment has been tested with Customs and Treasury that agree with our assessment.
- 22. These options also present non-monetary risks, including risks to industry competition, compliance with the tax regime, and international trade agreements, detailed below.

Risks

- 23. Where a discount is applied to a small subset of producers (all options), competition is artificially distorted between alcohol producers that have a similar ABV and are packaged similarly to kegged beer. The existing system is designed to differentiate products based on their ABV as a proxy for risk, not the kind of beverage. Preferential treatment for a subset of alcohol manufacturers is contrary to the Government's Revenue Strategy and may encourage other sectors to seek similar tax relief (i.e., this discount sets a precedent).
- 24. Where a discount is applied specifically to kegged beer (Options 1-1.a., 2-2.a., and 3):
 - There would be minimal change to consumer prices on a pint of kegged beer (less than \$0.50), even assuming full pass through of savings to manufacturers. Our cost-benefit analysis suggests minimal consumption would shift to hospitality venues, noting also that there is limited empirical evidence to suggest that consumption in hospitality venues such as taverns is a 'safer' outcome.
 - There would be no constraint on off-licences purchasing the kegged beer, which could have unintended consequences on consumption in hospitality venues, diminishing any positive economic effects for the hospitality industry.
 - This would not necessarily incentivise consumption of lower-alcohol products, in line with the tiered design of the alcohol excise regime, as many varieties of kegged beer contain > 5% ABV. Where there are substitution effects, and consumption transfers from lower alcohol products to kegged beer, this would not meaningfully reduce the risk of alcohol-related harm.
 - Introducing specific excise tax and EDD rates based on defined container sizes may result in boundary problems between eligible and ineligible products; for example, where spirits-based Ready-To-Drink beverages (RTDs) are manufactured in bulk containers. This is likely to increase administrative complexity for both government and manufacturers to ensure compliance.

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25. If a discount is not time-limited (Options 2-2.a. and 3-3.b.) it risks permanently reducing incentives for industry to invest and innovate in low / no-alcohol alternatives to meet changing consumer preferences. It also penalises businesses that have already invested in diversifying their production technologies.
26. Where an option targets all kegged beer or all small producers (Options 1 and 2) this would include multinational offshore manufacturers and brands (e.g., Kirin, Heineken, Asahi) rather than supporting the relative growth and sustainability of the domestic brewing industry.

s 9(2)(h)

28. Choosing any of Options 1-3.b. would introduce inconsistency and preferential treatment to a tax regime that is generally uniform across kinds of beer, kinds of producers, and the international and domestic alcohol industry. Many of the risks described are intrinsic to this choice and could not be sufficiently mitigated.

Financial implications

29. Choosing any of the options outlined for providing relief from excise tax to brewers of kegged beer would have significant fiscal costs to government, as well as introducing broader social and economic costs, as noted above (paragraph 20).

Next steps

30. If you would like to progress further analysis on one or more options presented here, we will need to undertake further work with Customs to provide specific advice on implementation timeframes and costs. s 9(2)(h)
31. We have prepared a Supplementary Paper for the Review which outlines our detailed analysis and recommendations on this issue. This includes the cost-benefit analysis we carried out to scope potential tax relief options and their fiscal and economic viability. The Supplementary Paper is intended to be published with other supporting material for the Review's final report.
32. Based on our analysis, we are not planning to recommend changes to alcohol excise tax in the final report. However, we are providing you with our analysis ahead of the final report, as alcohol excise tax has been featured in the media over the course of the Review.

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**Ministry for Regulation
Te Manatū Waeture**

Proactive release

33. With your agreement, the Ministry will proactively release this paper at the appropriate time in accordance with Official Information Act 1982 and Privacy Act 2020 requirements to support transparency and public trust in decision-making processes.
34. We intend to delay the proactive release of this paper until Cabinet's decisions on the Review's recommendations have been announced.



Hospitality Review: Final Report

Date	8 July 2026	Priority	High
Security classification	classification	Tracking number	MFR2026-132
Attachments	Annex 1: Table of recommendations including implementation requirements, timeframes and responsibilities Annex 2: Final Report of the Hospitality Review		

Action sought

Required from	Action	Deadline
Hon David Seymour Minister for Regulation	Agree to the recommendations you wish to proceed with from the Hospitality Review and return Annex 1 to the Ministry with a record of your decisions. Agree to the Ministry for Regulation's proposed approach to progressing the recommendations you choose to progress. Agree to the Ministry for Regulation's role in the implementation of the recommendations Review Ministers choose to progress. Discuss with officials at your meeting on 22 July 2026.	22 July 2026
Hon Louise Upston Minister for Tourism and Hospitality	Agree to the recommendations you wish to proceed with from the Hospitality Review and return Annex 1 to the Ministry with a record of your decisions. Agree to the Ministry for Regulation's proposed approach to progressing the recommendations Review Ministers choose to progress. Discuss with officials at your meeting on 22 July 2026.	22 July 2026

Contact for discussion if required

Name	Position	Phone number	1 st contact
Hannah McGlue	Manager, Regulatory Reviews	s 9(2)(a)	☒
Nicola Blackburn	Lead Advisor, Regulatory Reviews	s 9(2)(a)	☐

Minister's office to complete

- | | |
|---|--|
| ☐ Approved | ☐ Declined |
| ☐ Noted | ☐ Needs change |
| ☐ Seen | ☐ Overtaken by events |
| ☐ See Minister's notes | ☐ Withdrawn |

Comments



Hospitality Review: Final Report

Date	8 July 2026	Priority	High
Security classification	classification	Tracking number	MFR2026-132

Purpose

This briefing accompanies the Final Report of the Hospitality Review (the Review) completed by the Ministry for Regulation (the Ministry). It sets out the Review's recommendations for your decisions, our advice on implementation, and next steps and timeframes to support decision-making by you, as Joint Ministers, and relevant portfolio Ministers.

Executive summary

Through the Terms of Reference published in October 2025, the Ministry committed to providing recommendations for improving the regulation of the hospitality sector. The Final Report provides the Review's recommendations, and summarises the Review's approach to identifying regulatory issues, engaging with the sector, and developing solutions.

Now that we have provided the Final Report, the next step is for you to meet and discuss our recommendations. This meeting is scheduled for 22 July 2026. We will be seeking direction on which recommendations you would like to proceed with, and how.

The Review's Final Report makes 24 recommendations and 10 comments

The Review was initiated on 15 October 2025 to look at the regulatory requirements that apply to restaurants, bars, cafes, food stalls at markets, food trucks, catering businesses, and hotels. The hospitality sector makes a significant contribution to our economy, including over 25,000 businesses, generating \$21.4 billion in revenue in 2025, and employing over 145,000 people.

We engaged extensively with organisations that represent the sector, individual businesses and a high number of territorial authorities (the main regulator for the systems the sector interacts with every day). The story we heard was consistent and compelling – it is just too hard to navigate the regulatory environment, even for experienced operators, and some regulators (including central and local government) are not making it any easier.

At a time when the average lifespan of a restaurant or café is 20 to 24 months, the current regulatory settings and regulatory practice are placing additional and unnecessary strain on the sector. The complexity and length of processes, requirements that do not target risks well, and requests for duplicative information by multiple regulators are all problems we found.

The Final Report outlines 16 overarching problems and makes 24 recommendations. Our recommendations are intended to make it easier and less expensive to open a hospitality business and keep it running, ensure businesses and regulators are supported and trusted to meet high standards, and support efficient flows of information between hospitality businesses and regulators.

To develop, test and refine our recommendations we worked with organisations that represent the hospitality sector and local and central government. Agencies' key views are summarised as part of this briefing.



The Review identified and analysed the full range of feasible options to address the problems identified. While some of the discounted options are referenced in the Final Report, it was not possible to helpfully outline all options considered and associated analysis in the Final Report. Our full analysis is contained in a series of supplementary papers that will be published alongside the Final Report.

If you would like to more fully consider alternative options, we can provide you with specific advice on any area of the Review.

We propose you take an oral item to EXP and bespoke briefings to portfolio Ministers

We approached this Review from the perspective of business owners' experience of the regulatory systems that apply to them. This means our recommendations and comments are cross-cutting and have systemic implications for several regulatory systems, the responsible policy agencies and their Ministers.

To streamline decision-making and ensure the relevant Ministers consider each recommendation or comment that relates to their portfolio and associated implementation requirements, we are proposing that:

- the Final Report is presented as an oral item at the Cabinet Expenditure and Regulatory Review Committee (EXP) by you both, ahead of publication by the Ministry
- agreement to recommendations from portfolio Ministers is sought through a series of briefings from Ministry for Regulation officials to relevant portfolio Ministers (which provides advice and outlines the implementation approach); these briefings will also be referred to you as Joint Ministers.

We propose a staged approach to implementation

Many of the Review's recommendations propose significant legislative, and associated practice, change. We are therefore proposing a staged approach to implementation where recommendations can be progressed on different time tracks ("quick wins" delivered by mid-2027, "short-term" delivered by end of 2027, and "medium to long term" delivered in the 2028/29 financial year). We are seeking your agreement to this implementation approach as Joint Ministers.

We propose that the Ministry lead, monitor, and support different groups of recommendations

We have considered how changes you wish to proceed with could be led and resourced, with different levels of support from the Ministry. We recommend a mixed approach, whereby the Ministry leads next steps for several of the recommendations to support timely delivery of these changes.

With this approach, there are trade-offs to consider regarding the efficiency and timeliness of change given resourcing available to responsible agencies (which is limited in some cases), and competing priorities for the Ministry i.e., freeing up staff to work on other reviews. We are therefore seeking direction from Minister Seymour on the Ministry's ongoing involvement in implementation of the Review.



Next steps

You are scheduled to meet on 22 July 2026 to discuss the Final Report. Following your decisions on the recommendations and your preferred implementation approach, we will provide:

- an email to affected agencies outlining the recommendations that you have chosen to progress that are relevant to them
- necessary paperwork to Joint Ministers to enable you both to table an oral item at EXP on 18 August 2026
- briefings to relevant portfolio Ministers on the key recommendations for each policy area by 28 August 2026; further steps will be contingent on their decisions.



Recommended Action

The Ministry for Regulation recommends you:

**Minister for
Regulation**

**Minister for
Tourism and
Hospitality**

Final report and recommendations

- | | | | |
|---|--|------------------------------------|------------------------------------|
| a | note the Ministry has delivered the Hospitality Review's Final Report with 24 recommendations and 10 comments to address issues identified by the Review | <i>Noted</i> | <i>Noted</i> |
| b | agree to return Annex 1 with your decisions about which of the Review's 24 recommendations you wish to proceed with | <i>Agree / Disagree</i> | <i>Agree / Disagree</i> |
| c | refer a copy of the Final Report in Annex 2 to: <ul style="list-style-type: none"> i. Hon Andrew Hoggard (Minister for Food Safety) ii. Hon Paul Goldsmith (Minister of Justice) iii. Hon Nicole McKee (Associate Minister of Justice responsible for alcohol) iv. Hon Brooke van Velden (Minister for Workplace Relations and Safety and Internal Affairs) v. Hon Chris Bishop (Minister of Transport and Responsible for RMA Reform) vi. Hon Cameron Brewer (Minister for Small Business and Manufacturing) vii. Hon Simon Watts (Minister of Local Government) viii. Hon Chris Penk (Minister for Building and Construction) | <i>Referred / Not
referred</i> | <i>Referred / Not
referred</i> |
| d | note that you are meeting with officials on 22 July 2026 to discuss the Final Report and recommendations | <i>Noted</i> | <i>Noted</i> |



Approach to progressing agreed recommendations

- | | | | |
|---|--|-------------------------|-------------------------|
| e | agree to take an oral item to EXP on 18 August 2026 to inform relevant Ministers that the Review has been completed, and the Ministry for Regulation will publish its report and supporting papers, concluding the review of the hospitality sector | <i>Agree / Disagree</i> | <i>Agree / Disagree</i> |
| f | agree to advise officials if you would like subsequent advice on any specific policy issues as Joint Ministers | <i>Agree / Disagree</i> | <i>Agree / Disagree</i> |

Implementation approach

- | | | | |
|---|---|-------------------------|-------------------------|
| g | note the Review's 24 recommendations fall into 3 categories – quick wins that can be delivered through amendments to existing central government work programmes (delivered by June 2027), short-term recommendations that can be delivered by December 2027, and medium to long-term recommendations that can be delivered through 2028/29. | <i>Noted</i> | <i>Noted</i> |
| h | agree the Ministry will then provide a briefing to each responsible portfolio Minister that seeks their agreement to the recommendations relevant to them and sets out an implementation proposal | <i>Agree / Disagree</i> | <i>Agree / Disagree</i> |

Proactive release

- | | | | |
|---|--|-------------------------|-------------------------|
| i | agree that the Ministry will release this briefing be released in full once it has been considered by you, and once the Review's Final Report has been published following Joint Ministers presentation of an oral item at Cabinet. | <i>Agree / Disagree</i> | <i>Agree / Disagree</i> |
|---|--|-------------------------|-------------------------|



Minister for Regulation alone

[depending on Ministers' decisions about what recommendations to progress]

- | | | |
|---|--|-------------------------|
| j | agree the Ministry be responsible for leading implementation of the specific recommendations indicated in Annex 1. | <i>Agree / Disagree</i> |
| k | agree the Ministry will support the implementation of the specific recommendations indicated in Annex 1. | <i>Agree / Disagree</i> |
| l | agree the Ministry will monitor the implementation of the specific recommendations indicated in Annex 1. | <i>Agree / Disagree</i> |
| m | note that the resourcing impact of this approach is that less resource will be put on low-complexity reviews as part of Red-Tape Tipline work or on scoping future reviews; there will be no impact on the building review. | <i>Noted</i> |

s 9(2)(a)

Hannah McGlue
Manager, Regulatory Reviews
Ministry for Regulation
Date: 8 July 2026

Hon David Seymour
Minister for Regulation
Date:

Hon Louise Upston
Minister for Tourism and Hospitality
Date:



Background

1. With the release of the Review's Terms of Reference in October 2025, the Ministry undertook to present Joint Ministers with a Final Report that included our recommendations from the Review.
2. Our recommendations include a range of quick wins, short-term and medium to long-term policy proposals. Many require changes to primary and secondary legislation, and some require detailed and technical work prior to final Cabinet policy decisions. Given the different timeframes for implementation, and the variance in further work required, we are providing you with options for implementation, including where we see an opportunity for the Ministry to support policy agencies with progressing change.
3. The Review's work on alcohol licensing, food safety, fees and levies, and information flows has been reviewed by two independent, external regulatory and policy experts. These external reviewers provided feedback on the relevant supplementary papers and on the Review's provisional recommendations.
4. You are meeting on 22 July 2026 to discuss the Final Report and its recommendations. At this meeting, we will be seeking your preferences on our proposed approach for:
 - publication of the Final Report and progressing agreed recommendations
 - implementation of agreed recommendations, including the Ministry's involvement in any of this further work.

Final Report – the Review process and 24 recommendations for change

Purpose and scope of the Review

5. We reviewed regulation that applied to restaurants, bars, clubs, cafes, food stalls at markets, food trucks, catering businesses, and hotels.
6. Following our advice in December 2025¹, we progressed analysis on a series of potential regulatory problems and opportunities identified during our initial engagement with the sector. Our prioritisation exercise meant we focused our analysis and options for change on specific regulatory systems and requirements where change would make the most impact for the hospitality sector.
7. As a result, our recommendations focus primarily on alcohol licensing, food safety, fees and levies across these two systems, and information flows, with several minor recommendations across other regulatory areas.

Approach to analysis

8. Appendix C to the Final Report sets out the Review's approach to analysis. It outlines how we identified issues, developed and evaluated our options, and refined our recommendations.
9. This approach included an assessment of the status quo, comparisons with relevant international jurisdictions, consideration of the principles of responsible regulation set out in

¹ MFR2025-310 refers.



the Regulatory Standards Act 2025, cost benefit analysis of identified options and consideration of wide range of evidence sources.

Engagement with the sector

10. Through the Review, the Ministry received written submissions from and met directly with businesses, organisations representing hospitality businesses and segments of the industry, territorial authorities (city and district councils), other regulators, hospitality workers, and other interested stakeholders such as community organisations. We also held a workshop with sector and central government representatives at the 2026 Hospitality Summit.
11. The views and information provided by these stakeholders have provided evidence for our analysis and have provided us with critical input on the feasibility of our recommendations. Appendix D to the Final Report sets out summaries of the Review's engagement.

Problems

12. We identified 16 overarching problems across the regulatory systems we looked into. Most of these appear in the alcohol and food regulatory systems, where we found clear and extensive regulatory issues, many of them with systemic causes.
13. The issues identified cover:
 - the slow, unhelpful or unnecessary nature of some processes and decisions
 - unavailable or poor information for regulated parties
 - unnecessary requirements, particularly requirements that are disproportionate to the risks businesses pose
 - fees that do not reflecting risks posed by businesses' activities and are not sufficient to cover the cost of regulating
 - systems being left to operate without effective stewardship.

Recommendations

14. Taken together, our recommendations are intended to make it easier and less expensive to open a hospitality business and keep it running, ensure businesses and regulators are supported and trusted to meet high standards, and support efficient flows of information between hospitality businesses and regulators. The supplementary papers contain the Review's full analysis of the regulatory problems, options considered and options analysis. If Ministers want to consider options alternative to our recommended ones, we can provide separate briefings providing advice on those broader options.
15. The Review identified a range of systemic problems with the alcohol licensing system, including limitations on effective leadership of the system, the efficiency of licensing processes, and the consistency of decision-making. There are **9 recommendations to improve alcohol licensing for hospitality businesses**. As a package, these recommendations are intended to improve the efficiency, simplicity, accessibility and transparency of the alcohol licensing system.



16. We also identified several discrete issues with the food safety regulatory system including the way the existing food registration system captures risk, the efficiency of registration and renewal processes, and how effectively compliance is monitored. As a result, there are **8 recommendations to improve food safety for hospitality businesses**. As a package, these recommendations are intended to ensure food business registration and verification are simple, clear processes that deliver value-for money for businesses and recognise good operators.
17. We also identified a range of broader issues with regulatory requirements for hospitality businesses, including with flows of information between businesses and regulators, timeframes for decision-making, and the proportionality of some requirements. There are **7 recommendations to improve other regulatory requirements for hospitality businesses**. These recommendations are intended to bring efficiency and clarity to the relevant regulatory systems, ensuring regulations are easy to understand and correspond to risks.
18. Where we have identified areas for improvement outside of the Review's scope or levers for change, or have suggestions for the direction of future reform, we have made comments rather than recommendations. These are for consideration by the relevant policy agencies as further work is progressed. The Final Report also sets out where issues were raised by the sector, but no underlying regulatory problems were identified. An example of this is excise tax on kegged beer.

Agency views

19. Throughout the Review, we met monthly with senior officials and fortnightly with other officials from key government policy agencies including the Ministry of Justice (MoJ), the Ministry for Primary Industries (MPI), the Ministry of Business, Innovation and Employment (MBIE), and, when needed, the local government policy team previously within the Department of Internal Affairs (DIA), now under the Ministry of Cities, Environment, Regions and Transport.
20. We also held additional meetings and workshops as part of refining our problem definitions and developing our options and final recommendations. Agencies with knowledge and expertise in the relevant regulatory systems have reviewed our supplementary papers. Views from key agencies are summarised below:
 - **MoJ** expressed support for all the alcohol-related recommendations, particularly the first one to establish a new steward for the alcohol regulatory system. However, they raised concerns with how their leadership in the system was portrayed and asked for the Final Report to adequately set out the reasons why system leadership has been so challenging over the years.
 - **New Zealand Food Safety** (MPI) expressed support for the direction of many of the recommendations for changes to the food safety regulatory system. However, they raised concerns regarding:
 - i. preserving role clarity between central and local government with reforms to charging frameworks
 - ii. ensuring implementation and administrative costs are mitigated, for example where a new levy model is recommended for the MPI Food Business Levy



- iii. ensuring the requirements remain focused and proportionate to food safety risks
- iv. recognising work already underway through the Food Act Improvement Programme, including where they think recommendations predetermine outcomes from this work.
- **DIA** expressed support for the direction of the recommendations and provided information regarding work underway to reform bylaws and amalgamate local authorities.

21. s 9(2)(f)(iv) [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

22. s 9(2)(f)(iv) [Redacted]
[Redacted]
[Redacted]

23. Note we have not yet consulted with the agencies above about our recommended approach to decisions by portfolio Ministers and implementation as outlined below.

Approach to decisions by portfolio Ministers

- 24. The Review has primarily focused on the systems and requirements for alcohol licensing and food safety, and the recommendations have implications for a small group of Ministers covering more than 7 regulatory systems. Implementation considerations are wide-ranging, impacting both central and local government, as well as sector and business stakeholders.
- 25. While we recognise that the final report and recommendations are of interest to Cabinet, a few of the recommendations do not require Cabinet decisions to progress. Additionally, several more complex recommendations require dedicated consideration and detailed design by portfolio Ministers prior to obtaining Cabinet policy decisions.
- 26. As Cabinet approved the commencement of this Review and delegated the Terms of Reference to you as Joint Ministers, it is appropriate for you to report back to the relevant Cabinet Committee (EXP) to inform them that:
- 27. the Review's Final Report contains significant policy proposals, primarily for the alcohol regulatory system, and that responsible portfolio Ministers should subsequently discuss and decide which recommendations will be taken forward by the Government
 - further to this, relevant portfolio Ministers will need to return to Cabinet in due course for policy decisions
 - the Ministry will publish the report and all supplementary papers once the oral item has been tabled at EXP.
- 28. We consider this can be completed with an oral item, and we propose providing you with material (outlining the points above) to table this oral item at the EXP meeting on 18 August 2026.



29. Subsequently, we propose providing a series of briefings to the following portfolio Ministers:

- Ministers Goldsmith and McKee for recommendations relating to alcohol²
- Minister Hoggard for recommendations relating to food safety
- Minister Bishop for recommendations relating to transport and resource management
- Ministers Watts and Brewer for recommendations relating to information flows (as Minister of Local Government and Minister for Small Business and Manufacturing respectively)
- Minister Penk for recommendations relating to marquees (building and construction)
- s 9(2)(f)(iv)

30. These briefings will set out:

- the recommendations relevant to each Minister and the respective policy agencies
- analysis of the problems, options considered and recommended option
- implementation requirements and risks, including where further design is needed
- the level to which the Ministry may lead, support, or monitor implementation
- the proposed implementation timeframe.

31. Once portfolio Ministers have been briefed, and depending on the outcome of decisions, the Ministry can either hand the work over to the responsible agency, or undertake the further work required to seek Cabinet policy decisions for the short and medium to long-term recommendations. Minister Seymour, this has implications for the Ministry's work programme.

Implementation approach – required changes, responsibilities, and timing

32. The current recommendations are a mix of:

- “quick wins” that can be incorporated into work underway by agencies and may be achieved by mid-2027
- short-term changes requiring more substantive work to implement by the end of 2027
- medium to long-term changes that required cross-systems implementation, with delivery estimated for 2028/29.

33. Most of the “quick wins” do not require legislative change. In these cases, implementation would require agreement from the responsible Minister to the relevant recommendation, and

² As well as the recommendation about repealing the Hotel Association of New Zealand Act 1969 which is in Minister Goldsmith's Justice portfolio.



for them to direct their agency to begin implementation as part of their existing work programme.

34. MPI and MoJ are the primary agencies with the relevant policy responsibilities for food and alcohol. We consider the volume of implementation work required means there is an opportunity for the Ministry to support effective and efficient implementation. This approach could take the form of 'light-touch' support (for example monitoring and report-backs, and second-opinion advice), or more intensive support where the Ministry leads further detailed design, consultation processes, and seeks Cabinet policy decisions.
35. In determining our approach to implementation, we have considered the:
 - scale, scope, and resourcing for work already underway by responsible policy agencies – for example, MoJ is currently progressing a separate set of amendments to the Sale and Supply of Alcohol Act 2012, and MPI is carrying out the Food Act Improvement Programme
 - changes already underway to amalgamate local government functions, and how changes should be planned to place the least burden on territorial authorities during the transitional period, while still providing timely results for the sector
 - Ministry's work programme, including the number and scale of reviews already planned or underway, and where trade-offs could be made to provide resourcing to supporting effective, efficient, and timely delivery of Review recommendations.
36. Given these considerations, we are proposing a mixed approach to implementation, whereby the Ministry **leads** (i.e., is responsible for), **supports** (i.e., provides second opinion advice on), or **monitors** (i.e., seeks status updates) different subsets of the recommendations. This is set out in the table below.

Table 1. Proposed Ministry for Regulation involvement in implementation

Level of involvement	Subset of recommendations and implementation work
Ministry for Regulation to lead	• necessary further advice on funding transferred stewardship / administration functions for alcohol regulation • the first tranche of regulatory changes to alcohol licensing until legislation is passed • the second tranche of regulatory changes to alcohol licensing until the point of Cabinet policy decisions • the detailed design work to inform a revenue-based model for the MPI Food Business Levy • any further advice required by the Minister of Transport to progress an exemption from passenger service licences for hospitality businesses providing transport options for patrons.
Ministry for Regulation to support	• recommendations to make changes or additions to the Food Act Improvement Programme underway (led by New Zealand Food Safety in MPI) • recommendations to improve information flows.



Level of involvement	<i>Subset of recommendations and implementation work</i>
Ministry for Regulation to monitor	- the recommendation to change building consent requirements regarding marquees - the recommendation to provide guidance to regulators for determining excessive noise that will fall under the new Planning System - the repeal of the Hotel Association of New Zealand Act 1969.

37. Unless directed otherwise, we do not think there is value in the Ministry leading, supporting, or monitoring any next steps or actions Ministers and responsible agencies choose to take in relation to the Review's 10 comments.

Next steps

38. You are meeting together on 22 July 2026 to discuss the Review's recommendations.
39. Following your decisions on the Review's recommendations and our proposed approach to Cabinet decisions and implementation, the Ministry will take the further actions set out in this briefing.

Proactive release

40. With your agreement, we will proactively release this paper at the appropriate time in accordance with Official Information Act 1982 and Privacy Act 2020 requirements to support transparency and public trust in decision-making processes.
41. We intend to delay the proactive release of this paper until we publish the Final Report and accompanying papers after you have advised Cabinet the Hospitality Review has been completed.



Annex 1: Table of recommendations including implementation requirements, timeframes and responsibilities

Recommendation	Joint Ministers' decision (Circle one)	Proposed role for Ministry for Regulation (Lead, Support, Monitor)	Implementation category (Quick win, Short-term, Medium-long term)	Lead Minister(s)	Responsible agency	Further detailed design	Primary legislation	Secondary legislation
Food Rec. 1 - Move some hospitality businesses to lower-risk categories which have fewer requirements (i.e., template Food Control Plan to a National Programme)	Proceed / Do not proceed	Support	Quick win	Minister Hoggard	Ministry for Primary Industries	✓	✗	✓
Food Rec. 2 - Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements	Proceed / Do not proceed	Support	Quick win	Minister Hoggard	Ministry for Primary Industries	✓	✗	✗
Food Rec. 3 - Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly	Proceed / Do not proceed	Support	Quick win	Minister Hoggard	Ministry for Primary Industries	✗	✗	✗
Food Rec. 4 - Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form	Proceed / Do not proceed	Support	Short-term	Minister Hoggard	Ministry for Primary Industries	✗	✓	✓
Food Rec. 5 - Improve verification practice, including extending verifications to two years for high-performing businesses	Proceed / Do not proceed	Support	Short-term	Minister Hoggard	Ministry for Primary Industries	✓	✗	✓
Food Rec. 6 - Allow food trucks which operate in more than one region to be verified by one territorial authority, and that verification is recognised by other territorial authorities	Proceed / Do not proceed	Support	Short-term	Minister Hoggard	Ministry for Primary Industries	✗	✓	✗
Food Rec. 7, Fees and Levies Rec. 1 - Scale the food business levy by annual revenue and centralise collection	Proceed / Do not proceed	Lead	Short-term	Minister Hoggard	Ministry for Primary Industries	✓	✓	✓
Food Rec. 8, Fees and Levies Rec. 2 - Set more specific and comprehensive principles for setting fees for food safety regulatory activities	Proceed / Do not proceed	Support	Short-term	Minister Hoggard	Ministry for Primary Industries	✓	✓	✓
Alcohol Rec. 1 - Appoint a new steward for the alcohol regulatory system with ring-fenced resource	Proceed / Do not proceed	Lead	Short-term	Minister Goldsmith, Minister McKee and Minister van Velden	Ministry of Justice Department of Internal Affairs	✓	✓	✗
Alcohol Rec. 2 - Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences	Proceed / Do not proceed	Lead	Short-term	Minister Goldsmith and Minister McKee	Ministry of Justice	✓	✓	✓
Alcohol Rec. 3 - Clarify and simplify the process and requirements to get an alcohol licence for the first time, including making licensing criteria more specific and a simpler application form	Proceed / Do not proceed	Lead	Short-term	Minister Goldsmith and Minister McKee	Ministry of Justice	✓	✓	✓
Alcohol Rec. 4 - Require licence holders, all people who serve alcohol, and regulators to be trained	Proceed / Do not proceed	Lead	Short-term	Minister Goldsmith and Minister McKee	Ministry of Justice	✓	✓	✓



Recommendation	Joint Ministers' decision (Circle one)	Proposed role for Ministry for Regulation (Lead, Support, Monitor)	Implementation category (Quick win, Short-term, Medium-long term)	Lead Minister(s)	Responsible agency	Further detailed design	Primary legislation	Secondary legislation
Alcohol Rec. 5 - Introduce more tools for monitoring compliance and enforcement of minor non-compliance, such as Improvement Notices and Notices of Direction	Proceed / Do not proceed	Lead	Short-term	Minister Goldsmith and Minister McKee	Ministry of Justice	✓	✓	✓
Alcohol Rec. 6 - Allow District Licensing Committees (DLCs) to merge, set specific membership and training requirements for DLCs, and increase payments to DLC members	Proceed / Do not proceed	Lead	Short-term	Minister Goldsmith and Minister McKee	Ministry of Justice	✓	✓	✓
Alcohol Rec. 7, Fees and Levies Rec. 3 - Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees	Proceed / Do not proceed	Lead	Short-term	Minister Goldsmith and Minister McKee	Ministry of Justice	✓	✓	✗
Alcohol Rec. 8 - Remove the current licence types and replace them with a single coherent risk framework that governs what the alcohol licences are, the requirements to get each type of licence, the fees that apply, and the expected level of monitoring	Proceed / Do not proceed	Support	Medium-long term	Minister Goldsmith and Minister McKee	Ministry of Justice	✓	✓	✓
Alcohol Rec. 9 - Introduce a nationwide information system about licences, certificates, compliance activity, performance, alcohol-related crime, incidents, and health effects	Proceed / Do not proceed	Support	Medium-long term	Minister Goldsmith and Minister McKee	Ministry of Justice	✓	✓	✓
Transport Rec. - Allow hospitality businesses to receive donations to cover their transport running costs without triggering passenger service requirements	Proceed / Do not proceed	Lead	Quick win	Minister Bishop	Ministry of Cities, Environment, Regions and Transport	✗	✗	✓
System Stewardship Rec. - Repeal the Hotel Association of New Zealand Act 1969	Proceed / Do not proceed	Monitor	Quick win	Minister Goldsmith	Ministry of Justice	✗	✓	✗
Information Flows Rec. 1 - Upgrade the <i>Compliance Matters</i> website to improve access to information on regulatory requirements	Proceed / Do not proceed	Support	Quick win	Minister Brewer	Ministry of Business, Innovation and Employment	✗	✗	✗
Planning Regime Rec. - Issue and publish guidance to regulators about how to assess whether noise is excessive against the new national requirements for noise	Proceed / Do not proceed	Monitor	Quick win	Minister Bishop and Minister Watts	Ministry of Cities, Environment, Regions and Transport	✗	✗	✗
Building Rec. 1 - Review the building consent exemption conditions for temporary marquees to increase the building consent exemption threshold	Proceed / Do not proceed	Monitor	Short-term	Minister Penk	Ministry of Business, Innovation and Employment	✓	✗	✓



Recommendation	Joint Ministers' decision (Circle one)	Proposed role for Ministry for Regulation (Lead, Support, Monitor)	Implementation category (Quick win, Short-term, Medium-long term)	Lead Minister(s)	Responsible agency	Further detailed design	Primary legislation	Secondary legislation
Building Rec. 2 - Develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees	Proceed / Do not proceed	Monitor	Short-term	Minister Penk	Ministry of Business, Innovation and Employment	✓	X	✓
Information Flows Rec. 2A (Preferred) - The Ministry of Cities, Environment, Regions and Transport establish and maintain an information and application portal that is used by all territorial authorities for all applications OR Information Flows Rec., 2B (Not preferred) - Central government set expectations that territorial authorities develop integrated application systems that prioritise the user experience as part of the local government reforms	Proceed with 2A / Proceed with 2B / Do not proceed with either	Support	Medium-long term	Minister Watts	Ministry of Cities, Environment, Regions and Transport	✓	X	X



Annex 2: Final Report for the Hospitality Review

Note: Published here: <https://www.regulation.govt.nz/assets/Publication-Documents/Hospitality-Review-Final-report.pdf>

classification

Office of the Minister for Regulation

Office of the Minister for Tourism and Hospitality

Cabinet Economic Policy Committee

Release of the Final Report and approach to policy decisions following the Ministry for Regulation's Hospitality Review

Proposal

- 1 This paper reports the conclusion of the Ministry for Regulation's (the Ministry) Hospitality Review (the Review) to Cabinet. It seeks endorsement of the proposed government response welcoming the Review's 24 recommendations and notes that the Final Report will be published following consideration by Cabinet.
- 2 While this paper does not seek policy decisions by Cabinet, it sets out the approach to progressing further work across the Review's recommendations following decisions by relevant Portfolio Ministers.

Relation to government priorities

- 3 Sector reviews carried out by the Ministry are a key mechanism to support the Government's Going for Growth programme. Regulatory reviews help ensure that requirements are fit for purpose, foster competitive business settings, and support global trade, investment, and innovation.
- 4 The Review supports the Government's Tourism Policy Statement including the objective for a more productive, resilient and internationally competitive hospitality sector. It supports the action to reduce unnecessary regulatory burden on tourism and hospitality businesses. Hospitality is a core part of New Zealand's visitor economy: it shapes visitor experience, supports regional economic activity, and contributes to New Zealand's food and beverage identity. Improved regulatory settings will support hospitality businesses to invest, innovate, employ New Zealanders, and contribute to tourism growth.

Executive Summary

- 5 The Review was launched following the release of its Terms of Reference on 15 October 2025. As directed by the Ministers for Regulation and Tourism and Hospitality (Joint Ministers for the Review) the Review has focused on areas where change would have the most measurable impact for the hospitality sector. This has included looking into the alcohol regulatory system, the food safety regulatory system, fees and levies charged under these regulatory systems, information flows between businesses and regulators, as well as smaller discrete topics.
- 6 This paper seeks endorsement of the proposed government response to the Review but does not seek policy decisions as further detailed work is required for many of the recommendations.

- 7 Instead, we are seeking to release the Final Report accompanied by a Government response that welcomes the recommendations. Based on initial feedback from Portfolio Ministers¹, this paper also indicates some broad next steps for the policy areas impacted by the Review.
- 8 From October 2025 through July 2026, the Ministry carried out the Hospitality Review, presenting Joint Ministers with a Final Report and 24 recommendations for their consideration. The majority of the recommendations seek to improve the alcohol licensing and food safety regulatory systems, and associated fees and levies, for hospitality businesses. The Final Report also contained 10 comments on areas that were either outside the Review's scope or ideas for future reform. We encourage you to consider the comments as well as the recommendations made by the Final Report.
- 9 Portfolio Ministers will progress work on the detail of the government response and may, where necessary, return to Cabinet when proposals are ready for policy decisions. The intent is that legislative changes will be ready to be progressed by the incoming government, subject to their priorities.
- 10 The proposed Hospitality Action Plan will provide a coordinated response to priority actions arising from the Hospitality Review, the Hospitality Summit Report, and related Government priorities. This will help provide the sector with clearer visibility of Government activity, reduce duplication across portfolios, and support practical delivery over time, as well as manage expectations around delivery timeframes.

Background

- 11 The hospitality sector makes a significant contribution to New Zealand's economy, including over 25,000 businesses, generating \$21.4 billion in revenue in 2025, and employing over 193,000 people. In an economic climate where the average lifespan of a café or restaurant is less than two years, it is essential that the regulation for hospitality businesses helps, and does not hinder, their success.
- 12 At the first Hospitality Summit, held in 2024, the sector identified that regulation (including the combination and volume of requirements) was introducing barriers to market entry, expansion, and innovation for hospitality businesses. The sector also suggested that the hospitality sector be a key focus of the Ministry for Regulation. On 21 July 2025, Cabinet agreed the Ministry would undertake the Review [CAB-MIN-0234.01 refers].
- 13 The Review was launched following the release of its Terms of Reference on 15 October 2025. Through the Terms of Reference, the Ministry committed to providing the Minister for Regulation and the Minister for Tourism and Hospitality (as Joint Ministers for the Review) with a final report containing recommendations for change.
- 14 The 2026 Hospitality Summit Report (*Serving Success*), developed jointly by Hospitality New Zealand and the Restaurant Association New Zealand, will be released in September 2026. It sets out industry priorities across immigration and workforce settings, alcohol policy, regulatory compliance, tourism, and skills and training. The report reflects issues raised through industry engagement and identifies

¹ Associate Justice (Alcohol), Building and Construction, Food Safety, Local Government, Small Business and Manufacturing, Resource Management Act Reform, Transport.

actions that the industry considers would support sector growth, investment, productivity, and visitor experience. While the Summit Report is industry-led and has not been adopted as Government policy, a number of its recommendations align with, or complement, recommendations in the Hospitality Review.

The Hospitality Review has now been completed

- 15 The Ministry concluded the Review in July 2026. The Review has investigated the regulatory requirements that apply to restaurants, bars, cafes, food stalls at markets, food trucks, catering businesses, and hotels. These hospitality businesses sit at the centre of multiple regulatory systems. For example, these businesses must meet the general requirements that apply to most businesses in New Zealand (e.g., regarding health and safety, consumer protection, and employment), but also requirements that are more sector specific. These may include requirements for food safety and the sale and supply of alcohol.
- 16 Following advice to Joint Ministers in December 2025, the Ministry progressed analysis on a subset of potential regulatory problems and opportunities identified during initial engagement and public consultation with the sector. The Review's approach to assessing the current state and developing options for change are detailed in the Final Report (attached at **Appendix 1**). This approach included quantitative cost-benefit analysis of options, where sufficiently robust data was available.
- 17 Through the Review, the Ministry engaged with the sector to understand the sector's priorities, the detail of the regulatory problems they found and options for reform.
- 18 The Review's engagement included receiving 247 written submissions (including from 39 territorial authorities) and meeting directly with 13 sector representative groups, members of 27 District Licensing Committees (DLCs), 12 territorial authorities (i.e., city and district councils), 21 hospitality businesses and two community groups. We also held a workshop with sector and central government representatives at the 2026 Hospitality Summit.

The Review found a range of core regulatory issues obstructing growth and innovation for hospitality businesses

- 19 The Review found that regulation of the hospitality sector is generally effective at achieving its stated objectives. However, the Review also identified places where regulation is ineffective, inefficient, disproportionate to the risks, difficult to comply with, and creates unreasonable barriers to innovation.
- 20 The problems the Review found are summarised on pages 8 and 9 of the Final Report and set out in further detail between pages 29 to 48.

The package of recommendations supports the growth and expansion of the sector by ensuring regulation is targeted, efficient, and easy to navigate

- 21 Better regulation of the hospitality sector is essential to facilitate continued economic viability, growth, and expansion for businesses, ensuring requirements are understandable for businesses to, and easier for regulators to monitor and enforce.

- 22 The recommendations focus primarily on alcohol licensing, food safety, fees and levies across these two systems, and information flows, with five more minor recommendations across other regulatory areas.
- 23 As a package, the Review's recommendations should make it easier and less expensive to open a hospitality business and keep it running. Businesses and regulators should be better supported and trusted to meet high standards, and hospitality businesses should only have to tell regulators something once.
- 24 The proposed Hospitality Action Plan will coordinate, prioritise, sequence and communicate key recommendations from the Review, as part of a wider hospitality work programme, while portfolio Ministers retain responsibility for policy decisions and implementation within their portfolios.
- 25 As Joint Review Ministers, we agreed to take forward the Review recommendations, subject to the following:
 - 25.1 we think that there are opportunities to explore appointing and funding a new steward for the alcohol regulatory system through ongoing public service transformation work rather than as an immediate priority (alcohol recommendation one);
 - 25.2 we wish to progress one tranche of legislative change in the alcohol regulatory system instead of the two tranches recommended by the Review.
- 26 As Joint Ministers responsible for this Review, we have sought the views of relevant portfolio Ministers and, on that basis, we intend to announce the following government response when the report is released:
 - 26.1 The Government welcomes the recommendations from the Ministry for Regulation about how to improve regulation of the hospitality sector and intends to:
 - 26.1.1 progress work to streamline and modernise alcohol licensing processes;
 - 26.1.2 include hospitality specific deliverables in the current Food Act Improvement Programme, including proposing primary legislative change to make food safety requirements more proportionate and efficient for hospitality businesses and regulators;
 - 26.1.3 progress work to make fees for alcohol licensing and food registration and verification more consistent across territorial authorities, more transparent for hospitality businesses and improve territorial authorities' ability to cover their costs;
 - 26.1.4 progress work to make it easier and more efficient for hospitality businesses to work with regulators, including improve the flow of information between regulated parties and regulators and improving consistency of territorial authority processes and regulatory approaches; and

- 26.1.5 progress work to allow hospitality businesses to receive donations to cover transport running costs more easily and make it easier to gain approval for event marquees.
- 26.2 Subject to future Cabinet policy decisions, the Government intends to progress a coordinated response through a Hospitality Action Plan.
- 27 Work to progress specific recommendations will be included in government work programmes where these provide an appropriate vehicle for change, and where this approach is agreed by the responsible portfolio Ministers:
 - 27.1 the Food Act Improvement Programme (FAIP) is already progressing work relevant to several of the Review's recommendations for improving the food safety regulatory system. For example, the FAIP includes work to improve registration settings, and how verification is carried out, for hospitality businesses.
 - 27.2 the Review's planning regime recommendations can be addressed following planning reforms for noise underway as part of the suite of changes to the Resource Management Act, including changes to national noise standards and zoning. The Review initially recommended changes to the planning regime be completed by mid-2027. However, we understand that the sequencing of reforms underway will extend the timeframe for changes to noise standards.
- 28 The Minister for Food Safety has indicated general support for the Review's recommendations, with the exception of food recommendation 7 (which is also fees and levies recommendation 1) that he is not agreeing to progress at this stage. That recommendation was to scale the food business levy by annual revenue and centralise its collection (moving from territorial authority collection to Ministry for Primary Industries collection). The Minister will continue to seek opportunities to lessen the burden of the food levy on small businesses, including providing for exemptions where justified by risk level. However, at this time, the regulatory environment is such that the Minister considers a uniform per site fee is the most efficient way to collect the levy.

Approach to policy decisions following the Hospitality Review

- 29 This paper seeks endorsement of the proposed government response to the Review but does not seek policy decisions as further detailed work is required for many of the recommendations. Further work on any future policy decisions will be led by relevant portfolio Ministers.
- 30 I, the Minister for Regulation, have agreed that, given the volume of implementation work required, the Ministry should have a role in supporting effective and efficient implementation of the Review's recommendations. I am proposing that the Ministry will:
 - 30.1 undertake further detailed design work on most of the progressed recommendations for alcohol licensing through a joint work programme with the Ministry of Justice, as well as the transport recommendation with the Ministry for Cities, Environment, Regions and Transport;

- 30.2 support and monitor the implementation of all food safety recommendations being progressed through second-opinion advice; and
- 30.3 either support or monitor the implementation of progressed recommendations for other regulatory systems (e.g., building, planning, transport, and information flows).
- 31 I, the Minister for Tourism and Hospitality, intend to develop a Hospitality Action Plan to provide a coordinated response to priority hospitality actions across Government. Ministers have agreed that the Hospitality Action Plan will provide a combined programme of work for priority actions arising from the Hospitality Review, relevant recommendations from the 2026 Hospitality Summit Report, and related Government initiatives. It will support sequencing, monitoring and communication of the wider hospitality work programme, while allowing responsible portfolio Ministers to retain decision-making responsibility for matters within their portfolios. The work of the Ministry and responsible agencies will feed into the Hospitality Action Plan.

Cost-of-living Implications

- 32 There are no cost-of-living implications from this proposal, as it does not include policy decisions. Subsequent Cabinet papers will include this information.

Financial Implications

- 33 There are no financial implications from this proposal, as it does not include policy decisions. Subsequent Cabinet papers will include this information.

Legislative Implications

- 34 There are no legislative implications from this proposal, as it does not include policy decisions. Where subsequent Cabinet papers include recommendations on changes to primary and secondary legislation, these will require further regulatory impact assessments by the relevant policy agencies. Relevant Ministers will report back to Cabinet, when required, jointly with the Minister for Regulation for policy decisions.

Impact Analysis

Regulatory Analysis Summary

- 35 There are no regulatory proposals in this paper, and therefore Cabinet's impact analysis requirements do not apply. Impact analysis will be prepared when future Cabinet papers seek policy decisions.

Population Implications

- 36 There are no population implications from this proposal, as it does not include policy decisions. Subsequent Cabinet papers will include this information.

Human Rights

- 37 We consider the proposals in this paper are consistent with the Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external Resources

- 38 The Ministry engaged two external experts to provide an independent review of the supplementary papers and provisional recommendations for the Review's core workstreams. These workstreams were alcohol licensing, food safety, fees and levies and information flows.
- 39 This review process was carried out in June, and the reviewers' feedback was incorporated into the Review's Final Report and recommendations.

Consultation

- 40 The Ministry consulted with relevant government departments throughout the Review, including the Ministry for Primary Industries, the Ministry of Business, Innovation and Employment, the Ministry of Justice, New Zealand Police, Ministry of Health, and Department of Internal Affairs. Through the Review the Ministry also engaged with Territorial Authorities, organisations representing the hospitality sector and individual hospitality businesses.
- 41 The following departments and agencies were consulted on this paper: Ministry of Justice, New Zealand Police, Ministry of Health, Ministry for Cities, Environment, Regions and Transport, Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Department of the Prime Minister and Cabinet, and the Treasury.

Communications

- 42 The Ministry for Regulation will release the Final Report on its website following Cabinet consideration, alongside other key documentation for the Review. We propose that we publish a government response to the Review as outlined in this paper.
- 43 The Review has already generated some media, and there is likely to be more media coverage following the publication of the Final Report. Public announcements of about the Review will not specifically commit to actions that set public expectations ahead of policy decisions.
- 44 Public messaging will make clear that the Review is one component of a broader hospitality work programme and that the Hospitality Action Plan will be the mechanism to communicate progress over time.

Proactive Release

- 45 We intend to proactively release this Cabinet paper once decisions are made, subject to any appropriate redactions under the Official Information Act 1982.

Recommendations

The Minister for Regulation and the Minister for Tourism and Hospitality recommend that the Committee:

- 1 **note** on 21 July 2025, Cabinet agreed the Ministry for Regulation would undertake the Hospitality Review [CAB-25-MIN-0234.01]. The Terms of Reference released in October 2025 required that the Ministry provide recommendations for change through a final report at the conclusion of the Hospitality Review;
- 2 **note** that the Ministry for Regulation has undertaken the Review and presented a Final Report with 24 recommendations and 10 comments to the Ministers for Regulation and Tourism and Hospitality on 8 July 2026;
- 3 **endorse** the following government response to the Review:
 - 3.1 Government welcomes the recommendations from the Ministry for Regulation about how to improve regulation of the hospitality sector and intends to:
 - 3.1.1 progress work to streamline and modernise alcohol licensing processes;
 - 3.1.2 include hospitality specific deliverables in the current Food Act Improvement Programme, including primary legislative change to make food safety requirements more proportionate and efficient for hospitality businesses and regulators;
 - 3.1.3 progressing work to make fees for alcohol licensing and food registration and verification more consistent across territorial authorities, more transparent for hospitality businesses and improve territorial authorities' ability to cover their costs;
 - 3.1.4 progressing work to make it easier and more efficient for hospitality businesses to work with regulators, including improve the flow of information between regulated parties and regulators and improving consistency of territorial authority processes and regulatory approaches;
 - 3.1.5 progressing work to allow hospitality businesses to receive donations to cover transport running costs more easily and make it easier to gain approval for event marquees.
- 4 **note** that the Ministry for Regulation will publish the Final Report, subject to minor editorial and formatting changes, along with this Cabinet paper and other Review documentation on its website following Cabinet consideration;
- 5 **agree** that policy decisions will be made by the incoming Government, subject to their priorities, and brought to Cabinet, where necessary, through a series of Cabinet papers following decisions by Portfolio Ministers;
- 6 **note** the Minister for Tourism and Hospitality intends to develop a Hospitality Action Plan to progress a combined programme of work for priority actions arising from the

I N C O N F I D E N C E

Hospitality Review, relevant recommendations from the 2026 Hospitality Summit Report, and related Government initiatives.

Authorised for lodgement

Hon David Seymour

Minister for Regulation

Hon Louise Upston

Minister for Tourism and Hospitality

Appendix 1: Final Report for the Hospitality Review

Appendix 2: Table of Review recommendations and Ministerial responsibilities

Recommendation	Lead Minister(s)
Food Rec. 1 - Move some hospitality businesses to lower-risk categories which have fewer requirements (i.e., template Food Control Plan to a National Programme)	Minister Hoggard
Food Rec. 2 – Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements	Minister Hoggard
Food Rec. 3 – Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly	Minister Hoggard
Food Rec. 4 - Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form	Minister Hoggard
Food Rec. 5 - Improve verification practice, including extending verifications to two years for high-performing businesses	Minister Hoggard
Food Rec. 6 - Allow food trucks which operate in more than one region to be verified by one territorial authority, and that verification is recognised by other territorial authorities	Minister Hoggard
Food Rec. 7, Fees and Levies Rec. 1 - Scale the food business levy by annual revenue and centralise collection	Minister Hoggard
Food Rec. 8, Fees and Levies Rec. 2 - Set more specific and comprehensive principles for setting fees for food safety regulatory activities	Minister Hoggard
Alcohol Rec. 1 - Appoint a new steward for the alcohol regulatory system with ring-fenced resource [<i>Joint Ministers decided to take this forward, with opportunities being explored through the ongoing public service reforms</i>]	Minister Goldsmith and Minister McKee
Alcohol Rec. 2 - Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences	Minister Goldsmith and Minister McKee
Alcohol Rec. 3 - Clarify and simplify the process and requirements to get an alcohol licence for the first time, including making licensing criteria more specific and a simpler application form	Minister Goldsmith and Minister McKee
Alcohol Rec. 4 - Require licence holders, all people who serve alcohol, and regulators to be trained	Minister Goldsmith and Minister McKee
Alcohol Rec. 5 - Introduce more tools for monitoring compliance and enforcement of minor non-compliance, such as Improvement Notices and Notices of Direction	Minister Goldsmith and Minister McKee
Alcohol Rec. 6 - Allow District Licensing Committees (DLCs) to merge, set specific membership and training requirements for DLCs, and increase payments to DLC members	Minister Goldsmith and Minister McKee
Alcohol Rec. 7, Fees and Levies Rec. 3 - Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees	Minister Goldsmith and Minister McKee
Alcohol Rec. 8 – Remove the current licence types and replace them with a single coherent risk framework that governs what the alcohol licences are, the requirements to get each type of licence, the fees that apply, and the expected level of monitoring	Minister Goldsmith and Minister McKee
Alcohol Rec. 9 - Introduce a nationwide information system about licences, certificates, compliance activity, performance, alcohol-related crime, incidents, and health effects	Minister Goldsmith and Minister McKee
Transport Rec. - Allow hospitality businesses to receive donations to cover their transport running costs without triggering passenger service requirements	Minister Bishop
System Stewardship Rec. - Repeal the Hotel Association of New Zealand Act 1969	Minister Goldsmith
Information Flows Rec. 1 – Upgrade the <i>Compliance Matters</i> website to improve access to information on regulatory requirements	Minister Brewer
Planning Regime Rec. - Issue and publish guidance to regulators about how to assess whether noise is excessive against the new national requirements for noise	Minister Bishop
Building Rec. 1 - Review the building consent exemption conditions for temporary marquees to increase the building consent exemption threshold	Minister Watts
Building Rec. 2 - Develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees	Minister Watts

Information Flows Rec. 2A (Preferred) - The Ministry of Cities, Environment, Regions and Transport establish and maintain an information and application portal that is used by all territorial authorities for all applications

OR **Recommendation**

Information Flows Rec., 2B (Not preferred) - Central government set expectations that territorial authorities develop integrated application systems that prioritise the user experience as part of the local government reforms

Lead Minister(s) Minister Watts



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Ministry for Regulation's Hospitality Review: Release of the Final Report and Approach to Policy Decisions

Portfolio **Regulation / Tourism and Hospitality**

On 2 September 2026, the Cabinet Economic Policy Committee:

- 1 **noted** that:
 - 1.1 in July 2025, Cabinet agreed that the Ministry for Regulation (the Ministry) undertake a review of the hospitality sector (the Review) and authorised the Minister for Regulation to finalise the terms of reference [CAB-25-MIN-0234.01];
 - 1.2 the terms of reference required that the Ministry provide recommendations for change through a final report at the conclusion of the Review;
- 2 **noted** that the Ministry has completed the Review and presented a Final Report with 24 recommendations and 10 comments to the Minister for Regulation and Minister for Tourism and Hospitality on 8 July 2026;
- 3 **endorsed** the following Government response to the Review:
 - 3.1 the Government welcomes the recommendations from the Ministry for Regulation about how to improve regulation of the hospitality sector and intends to:
 - 3.1.1 progress work to streamline and modernise alcohol licensing processes;
 - 3.1.2 include hospitality specific deliverables in the current Food Act Improvement Programme, including primary legislative change to make food safety requirements more proportionate and efficient for hospitality businesses and regulators;
 - 3.1.3 progress work to make fees for alcohol licensing and food registration and verification more consistent across territorial authorities, more transparent for hospitality businesses and improve territorial authorities' ability to cover their costs;
 - 3.1.4 progress work to make it easier and more efficient for hospitality businesses to work with regulators, including improving the flow of information between regulated parties and regulators and improving consistency of territorial authority processes and regulatory approaches;

3.1.5 progress work to allow hospitality businesses to receive donations to cover transport running costs more easily and make it easier to gain approval for event marquees;

- 4 **noted** that the Ministry will publish the Final Report, attached under ECO-26-SUB-0173, subject to minor editorial and formatting changes, along with the paper attached under ECO-26-SUB-0173 and other Review documentation on its website following Cabinet consideration;
- 5 **agreed** that policy decisions will be made in the next term, subject to government priorities, and submitted to Cabinet, where necessary, through a series of papers following decisions by relevant portfolio Ministers;
- 6 **noted** that the Minister for Tourism and Hospitality intends to develop a Hospitality Action Plan to progress a combined programme of work for priority actions arising from the Hospitality Review, relevant recommendations from the 2026 Hospitality Summit Report, and related Government initiatives.

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Brooke van Velden
Hon Erica Stanford
Hon Louise Upston
Hon Tama Potaka
Hon Nicole McKee
Hon Casey Costello
Hon Simon Watts
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Hon Cameron Brewer
Simon Court MP

Officials present from:

Office of Hon David Seymour
Office of Hon Erica Stanford
Office of Hon Simon Watts
Officials Committee for ECO



Cabinet

Minute of Decision

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Report of the Cabinet Economic Policy Committee: Period Ended 4 September 2026

On 7 September 2026, Cabinet made the following decisions on the work of the Cabinet Economic Policy Committee for the period ended 4 September 2026:

ECO-26-MIN-0173	Ministry for Regulation's Hospitality Review: Release of the Final Report and Approach to Policy Decisions	CONFIRMED
	Portfolios: Regulation / Tourism and Hospitality	

Outside scope

Outside scope



Rachel Hayward
Secretary of the Cabinet